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ABERDEEN
CITY COUNCIL

To: All Members of the Council

Town House,
ABERDEEN, 29 January 2014

COUNCIL BUDGET MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **THURSDAY, 6 FEBRUARY 2014 at 2.00pm**.

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	6 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance) Pete Leonard (Director of Housing & Environment)
TITLE OF REPORT	General Fund Revenue Budget 2014/15 and Indicative 5 Year Budgets
REPORT NUMBER:	CG/14/005

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide the Council with details of the 2014/15 General Fund Revenue budget along with indicative 5 Year budgets for the General Fund.

1.2 These budgets are based on the current settlement information from the Scottish Government (Finance Circular 6/2013) and are therefore subject to change once an updated settlement position is announced.

2. RECOMMENDATIONS

2.1 It is recommended that the Council:

a) Approves the revenue budget for 2014/15 as attached at Appendix 1 of this report, along with an indicative 5 Year Budget;

b) Approves the continuation of a Risk Fund to mitigate against any in year cost pressures;

c) Approves the Council's Workforce Plan as attached at Appendix 4;

d) Agrees to freeze the level of Council tax for 2014/15 at the same level as 2013/14; and

e) Agrees that the Council continues to retain uncommitted revenue reserves in accordance with the Reserves Strategy, which presently shows a requirement for £11.3m to be held.

3. FINANCIAL IMPLICATIONS

3.1 The Council in anticipation of setting its budget for 2011/12 undertook an extensive Priority Based Budgeting (PBB) exercise that reviewed all costs currently being incurred across Council services over a 5 year period.

3.2 This led to the Council producing a 5 Year Business Plan outlining the financial position over this period and this has been updated to reflect a more detailed understanding of the cost pressures, financial out-turn and Scottish Government settlement figures, based on Finance Circular 6/2013.

3.3 The process for determining the 2013/14 budget involved undertaking a risk based approach to enhance and develop the PBB process through the establishment of a risk fund. For 2014/15, the PBB process was further enhanced through the use of a risk based appraisal system.

3.4 This involved identifying cost pressures for future years and understanding the risk associated with these. They were then subject to a robust challenge process in order to remove elements of priced-in risk. The risk fund which was created in 2013/14 will continue, such that in being prudent, identified cost pressures could be set against the Risk Fund which Services will work on mitigating against in-year. Further details regarding the risk fund are included in Appendix 3.

3.5 The process for determining the 2014/15 budget also involved a commitment to undertake a review of the Council's procurement arrangements. Strategic Procurement will be a key enabler in the continued challenge to control and where appropriate reduce the Council's cost base.

3.6 The Procurement Team is actively working in conjunction with all Service areas to identify further efficiencies through new contract design, contract management and collaboration. Service workshops are planned to explore other avenues of savings, and opportunity assessment is planned for subsequent implementation. Opportunities will be explored across the whole organisation and then appraised as appropriate.

3.7 The Head of Procurement will be presenting a report to the Finance, Policy & Resources Committee on 20th February 2014 which will focus on a Procurement Transformation Programme. This will focus on many aspects of improvement and the benefits realisation that will come from growing commercial awareness and capability across the Council.

3.8 A further stream within the budget process is that of workforce planning. The workforce plan is strategically aligned to the Five Year Business Plan and the Priority Based Budget and will be provided to Council as part of the budget report in February 2014, in order to provide a holistic view of the Council's position, along with the Council's annual performance report. The workforce plan is attached in Appendix 4.

3.9 In setting the budget for 2014/15 the Council needs to recognise that sufficient working balances are set aside to meet any future unforeseen expenses over the life of the 5 Year Business Plan. This is of high importance given:

- The continued economic outlook for the United Kingdom and further afield;
- The continued austerity measures being implemented by the UK government, which over 5 years is likely to increase;
- Welfare reform and the impact of the universal credit in 2014/15;
- The level of inflation that continues to be inherent within the current economic climate;
- The agreement of a 1% pay award for 2013/14 and 2014/15;
- The impact of rising energy prices;
- Other cost pressures arising directly from rising prices or additional legislative burdens placed on the Council; and
- The Council waits to see its next 3 year settlement figures from the Scottish Government covering the period 2015/16 to 2017/18.

3.10 As reported and agreed at Finance & Resources Committee on 4 October 2012 the Council has continued to set aside £11.3million as uncommitted General Fund reserves, with the express intention of ensuring that it can deal with unexpected and unplanned expenditure should the need arise.

3.11 In line with this approved strategy officers continue to monitor and examine the opportunities for increasing the level of working balances.

3.12 As part of the Council's year end process the most optimum position will be identified. The Finance, Policy & Resources Committee of 26th September 2013 approved the use of any surplus – after a £1million commitment for the Music Hall redevelopment – would be utilised to support the funding of the Capital investment requirement of the Council.

4. OTHER IMPLICATIONS

4.1 The Council is required to set its Council Tax levels before the 11 March in the financial year preceding that for which it is set as governed by the Local Government Finance Act 1992.

4.2 A continued major impact on the Council's position for 2014/15 and future year budgets is the current prolonged economic downturn of the United Kingdom economy and the subsequent impact this has had on the level of funding available to the public sector.

4.3 In setting the General Fund budget it is assumed that a funding envelope of approximately £394 million will be provided for capital investment over the life of the 5 Year Business Plan. The Council has a process for identifying and ranking projects, or bids, and this is currently being worked on by officers and will be reported to Committee in February 2014. This will include projects within the Strategic Infrastructure Plan as appropriate.

5. REPORT

5.1 The budget proposals being recommended by officers is summarised in the table below and broken down further in Appendix 1 of this report:

Note	Funding	£ million
1	General Revenue Grant	132.717
1	Non Domestic Rates	193.738
2	Council Tax (including Arrears)	100.273
		426.728
	Add:	
	Trading Services/Other Grants	13.640
	Total Funding	**440.368**
	Projected Expenditure	
	Current Estimated Spend	440.368
	Total Projected Expenditure	**440.368**
	Net Spend	**0**
3	Risk Fund	**5,400**

Note 1 – This is the total funding notified to the Council per the current Finance Circulars available based on Non Domestic Rates and General Revenue Grant.

Note 2 – A review of Council Tax has been undertaken and it is estimated that a small increase in the Band D equivalent properties for 2014/15 can be anticipated.

Note 3 – The risk fund was established in 2013/14 and will continue to be earmarked for this purpose in 2014/15.

Financial Settlement Position

5.2   It is worthwhile noting that as part of the overall settlement agreement provided by the Scottish Government the Council is expecting that it has to ensure that it has adequate budgetary provision to:

- Maintain a Council Tax freeze for the financial year 2014/15; and
- Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme.

  Note: The potential loss of revenue grant for not maintaining the council tax freeze would be £3.175m, and for not maintaining the pupil number ratio it would be approximately £1.8m

5.3   The Council has received the Finance Circular for 2014/15 (Local Government Finance Circular no. 6/2013) and this is in line with previously reported expectations. The figures within this report reflect the funding position per the issued circular.

Council Tax Assumptions

5.4   The current level of Council Tax Band D equivalent is £1,230.39 per annum.   It should also be noted that this assumes:

  o Council tax non-collection rates are maintained at 2013/14 levels for the 5 Year Business Plan (which will be monitored closely given the impact of Welfare Reform);
  o That an additional 400 Band D properties will be added to the charge annually;
  o Council tax levels are frozen at 2012/13 prices until 2015/16 when it is assumed that it will increase by 2% per annum;
  o Provision for Welfare Reform impact remain included in base budget;

5 Year Business Plan Investment

5.5 As part of the overall direction of travel in delivering the 5 Year Business Plan the Council undertook wide reviews of its areas of spend and re-aligned this to its Corporate Priorities.

5.6 The table below shows the net movement within each of the Service Directorates, as contained in the 5 year plan, and more information on the investment contained therein is provided within Appendix 2 of this report.

Net Movement by Service:

	2013/14 to 2014/15	2014/15 to 2015/16	2015/16 to 2016/17	2016/17 to 2017/18	2017/18 to 2018/19
Service	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Corporate Governance	(18)	(70)	287	273	238
Social Care and Wellbeing	1,424	843	2,808	2,608	2,408
Education, Culture and Sport	6,969	2,844	5,869	2,035	2,393
Housing and Environment	(468)	(1,718)	2,923	268	272
Enterprise, Planning and Infrastructure	(1,005)	794	1,696	1,411	137
Office of Chief Executive	66	(33)	65	301	(269)
Council Expenses	0	0	0	0	0
Miscellaneous Services	(1,477)	6,334	4,505	8,185	4,765
Joint Boards	0	0	0	0	0
Total	**5,491**	**8,995**	**18,153**	**15,082**	**9,944**

5.7 The net movement above includes previously approved PBB service options, growth items (see Appendix 2) and corporate adjustments such as realignment of rates budgets.

5.8 For Enterprise, Planning and Infrastructure and Housing & Environment, the reason for a reduction in annual movement between 2013/14 through to 2015/16 is again primarily due to the continued delivery of service improvements, as previously included in the Council's 5 year business plan.

5.9   The miscellaneous service budget contains provision for the financial impact of assumptions made around energy, pay awards and capital financing costs.

5.10   If the overall gross investment is broken down by Service (that is previous Council PBB decisions are excluded) the real investment in Services can be seen in the table below:

Annual Gross Investment:

	2013/14 to 2014/15 £'000
Current Movement	
Corporate Governance	490
Social Care and Wellbeing	3,233
Education, Culture and Sport	5,702
Housing and Environment	1,835
Enterprise, Planning and Infrastructure	678
Office of the Chief Executive	66
Miscellaneous Services	2,590
	14,594

5.11   The table above, which Appendix 2 to this report provides further detail, demonstrates the Council's commitment to delivering front line services in line with the vision set out in Aberdeen – The Smarter City.

5.12   It further demonstrates the Council to be in a strong financial position to deliver this level of investment despite the current austerity measures that are in place by various governments within Europe.

5.13   Also contained within the overall five year budget are allowances for the following assumptions:

- A 1% annual pay award for all categories of staff for each of the 5 years (2% in 2017/18);
- An increase in the level of utility bills for the five year period to reflect increasing prices;
- A capital investment programme, incorporating the Strategic Infrastructure Plan of £394 million over the next 5 years, the detail of which is included in a separate report;
- The continuation of auto-enrolment, reflecting the uptake of approximately two-thirds of staff who had previously opted out;
- An allowance for Welfare Reform – primarily targeted at Council tax and the continued uncertainty surrounding the introduction of the Universal Credit;
- Increased investment to reflect the increasing demographic factors impacting on the delivery of Social Care and Wellbeing Services;

- Increased investment in primary teachers to reflect the growing level of school children;
- An additional £0.7 million for devolved school budgets to target the improvement of school attainment;
- Increased investment in waste to ensure the delivery of the Council's waste strategy; and
- An uplift of 7.7% for Non Domestic rates (for which we await final notification from the Scottish Government).

5.14 An integral part of the budget process is the monitoring and governance of those base budget growth items listed in Appendix 2. This will be done as part of the corporate performance report during 2014/15.

6. IMPACT

6.1 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.

7. BACKGROUND PAPERS

Scottish Government Finance Circulars
Priority Based Budget Report
2013/14 Monitoring Reports
5 Year Business Plan
Finance, Policy & Resources Committee September 2013.

8. REPORT AUTHOR DETAILS

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Appendix 1						
General Fund Revenue Budget 5 Year Position						
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Service	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Corporate Governance	28,113	28,095	28,025	28,312	28,586	28,823
Social Care and Wellbeing	121,514	122,938	123,781	126,589	129,197	131,605
Education, Culture and Sport	162,319	169,288	172,132	178,000	180,036	182,428
Housing and Environment	36,644	36,176	34,458	37,381	37,649	37,921
Enterprise, Planning and Infrastructure	40,489	39,485	40,279	41,975	43,386	43,524
Office of Chief Executive	871	937	904	969	1,270	1,002
Council Expenses	2,150	2,150	2,150	2,150	2,150	2,150
Miscellaneous Services	41,265	39,788	46,122	50,627	58,812	63,577
Joint Boards	1,512	1,512	1,512	1,512	1,512	1,512
Net Cost of Service	**434,877**	**440,368**	**449,363**	**467,516**	**482,598**	**492,543**
Funding						
General Revenue Grant - Note 1	(144,345)	(132,717)	(133,418)	(133,418)	(133,418)	(133,418)
Non Domestic Rates	(177,084)	(193,738)	(193,738)	(193,738)	(193,738)	(193,738)
Assumed Settlement Position	0	0	(3,500)	(7,000)	(9,000)	(9,000)
Council Tax	(99,793)	(100,273)	(102,903)	(105,314)	(107,773)	(107,773)
Trading Services Surplus	(13,654)	(13,640)	(13,879)	(13,642)	(13,566)	(13,479)
Funding	**(434,876)**	**(440,368)**	**(447,438)**	**(453,112)**	**(457,495)**	**(457,408)**
Budget (Surplus)/Deficit	**0**	**0**	**1,925**	**14,404**	**25,103**	**35,134**
Trading Adjustment	0	0	0	0	0	0
Current (Surplus)/Deficit	**0**	**0**	**1,925**	**14,404**	**25,103**	**35,134**
Note 1						
General Revenue Grant		119,714				
Council Tax Reduction Scheme		10,415				
		130,129				
Teachers Induction Scheme		331				
Copyright for schools		(44)				
National Care Home Contract		94				
Children and Young People Bill		1,833				
Hostels adjustment		(221)				
Sensory Impairment		41				
		2,034				
Undistributed						
Teachers Induction Scheme		**554**				
Total General Revenue Grant		**132,717**				

APPENDIX 2	GROWTH					
		2014/15	2015/16	2016/17	2017/18	2018/19
Reference	Description	£000	£000	£000	£000	£000
CORPORATE GOVERNANCE						
RCG01	Net staff movement (inc increments, effect of auto enrolment etc)	480	0	0	0	0
RCG03	Net position of ICT contract reviews	0	158	77	63	28
RCG05	Communication Strategy	10	0	0	0	0
	Corporate GovernanceTotal	**490**	**158**	**77**	**63**	**28**
SOCIAL CARE & WELLBEING						
RSCW01+2	Net staff movement (including increments, effect of auto enrolment etc)	627	402	402	402	402
RSCW09	Increase in national care home rate and free personal care rate	950	950	950	950	950
RSCW15	Demographic demand pressures on Learning Disability services	100	220	220	220	220
RSCW22	Children's Services: 2% year on year increase alternative family services	0	166	166	166	166
RSCW24	Slippage on Redesign of learning disability services saving (SCW01)	290	0	0	0	0
RSCW29	Demographic growth pressure on Older People+Rehab services	250	622	622	622	622
RSCW30	Additional cost pressure on externally purchased homecare	416	0	0	0	0
RSCW31	Fund increase in externally purchased services across directorate	600	748	748	748	748
	Social Care & Wellbeing Total	**3,233**	**3,108**	**3,108**	**3,108**	**3,108**
EDUCATION, CULTURE & SPORT						
RECS01	Net staff movement (including increments, effect of auto enrolment etc)	1,011	1,976	1,976	1,576	1,976
RECS04	Developing Service Delivery & new ways of working	1,200	0	0	0	0
RECS11	Unitary Charge	230	250	250	250	250
RECS12	Amendments to Nursery Hours	1,833	700	0	0	0
RECS13	Payments to outside contractors - nursery	99	0	0	0	0
RECS14	Curriculum Support for improving attainment	175	0	0	0	0
RECS15	Devolved Education Management (DEM)	639	0	0	0	0
RECS18	Furniture, Equipment & ICT provision for additional classrooms	175	0	0	0	0
RECS21	New statutory entitlement to pre-school education for looked after 2 year	100	0	0	0	0
RECS22	Specialist Placements	200	0	0	0	0
RECS24	Art Gallery redevelopment	0	66	110	149	167
RECS25	Transport - new school (South of City academy)	0	0	100	60	0
RECS26	New Additional Support Needs (ASN) School	0	660	330	0	0
RECS27	Grants for Leased Community Centres	20	0	0	0	0
RECS28	Tillydrone Lads Club	20	0	0	0	0
	Education, Culture & Sport Total	**5,702**	**3,652**	**2,766**	**2,035**	**2,393**
HOUSING & ENVIRONMENT						
RHE-DIR01	Net staff movement (including increments, effect of auto enrolment etc)	201	107	107	107	107
RHE-HM01	Welfare Reform - Impact of Homelessness Income	0	1,139	0	0	0
RHE-WS01	Landfill Tax - Increase by £8 per tonne	749	0	0	0	0
RHE-WS02	Waste Contract Growth (Gate Fee) 2.6%	20	142	146	150	154
RHE-WS02	Waste Contract Growth (Contract Management Fee)	0	10	11	11	12
RHE-WS03	Food Waste Collections (Crews)	242	0	0	0	0
RHE-WS03	Food Waste Collections (Vehicles)	364	(320)	0	0	0
RHE-WS03	Food Waste Collections (Maintenance)	140	0	0	0	0
RHE-WS03	Food Waste Collections - Bags	80	20	0	0	0
RHE-WS03	Food Waste Collections - Bins	35	35	17	0	0
RHE-GR01	Revised Allotment Fee Structure	4	0	0	0	0
	Housing & Environment Total	**1,835**	**1,133**	**281**	**268**	**272**
ENTERPRISE, PLANNING & INFRASTRUCTURE						
REPI-AMO01	Roads: Increased Gully Maintenance	0	65	0	0	0
REPI-AMO02	Roads: Surface Dressing	0	160	200	240	0
REPI-AMO03	Roads: Pothole Patching	0	133	167	200	0
REPI-AMO04	Roads: Lining for Parking Restrictions	107	133	160	0	0
REPI-AMO05	Roads: Drainage Repairs & Flood Defences	0	207	248	0	0
REPI-AMO06	Street Lighting : Corroded Columns	0	254	317	378	0
REPI-AMO07	Public Buildings: Repairs & Maintenance	0	318	397	476	0
REPI-AMO21	Postage Costs	0	20	20	20	20
REPI-AMO28	Carbon Reduction Commitment (CRC) Costs for Council	198	0	0	0	0
REPI-DIR01	Net staff movement (including increments, effect of auto enrolment etc)	170	121	121	121	121
REPI-TRA2	Reduce residents parking permits by £10 per year	150	150	150	0	0
REPI-TRA3	Limit parking charges to 8pm	50	0	0	0	0
REPI-DIR02	Events	3	0	0	0	0
	Enterprise, Planning & Infrastructure Total	**678**	**1,561**	**1,630**	**1,435**	**141**
OFFICE OF THE CHIEF EXECUTIVE						
ROCE_01	2014 European Parliamentary Elections	33	0	0	0	0
ROCE_02	2014 Scottish Independence Referendum	33	0	0	0	0
	Elections 2015/16 -2018/19	0	(33)	65	301	(269)
	Office of the Chief Executive Total	**66**	**(33)**	**65**	**301**	**(269)**
MISCELLANEOUS SERVICES						
RCW01	Cultural Programme	400	310	90	(85)	(25)
RCW-ELEC	Increase in Electricity Costs	1,371	532	623	706	758
RCW-FUEL	Increase in Vehicle Fuel Costs	30	30	30	30	30
RCW-GAS	Increase in Gas Heating Costs	618	224	242	261	282
RCW-HEAT	Increase in Other Fuel & Heating Costs	35	45	14	14	58
RCW-OIL	Increase in Gas Oil Heating Costs	24	24	25	27	30
RCW-WATER	Increase in Water Rates	112	30	31	32	32
	Pay Award	0	3,600	3,600	7,200	3,600
	Miscellaneous Services Total	**2,590**	**4,795**	**4,655**	**8,185**	**4,765**
	Totals	**14,594**	**14,374**	**12,582**	**15,395**	**10,438**

Appendix 3

GROWTH RISK REGISTER PROCESS AND MANAGEMENT

Context

In order to manage risk, the Council needs to understand what risks it faces. This can be broken down into two steps which will require to be taken by the Council,

- Identifying the initial risk: identifying the risks in a structured way for a new method of examining the core financial statements; and
- Identifying the risk on a continual basis: this allows new risks to be captured, changes to existing risks or existing risks no longer being applicable moving forward.

2013/14 Budget

The process for preparing the five year budget from 2013/14 was enhanced with a review of cost pressures from a risk perspective and the creation of a Risk Register/Fund (cash backed). This ensured that no new savings were required in the 2013/14 council budget.

In the first instance Services are expected to meet cost pressures before any call on the Risk Fund. Governance arrangements of the Risk Fund were approved by the Corporate Management Team as part of a paper on 'Applying Risk Analysis', and are expected to:

1. Try to contain the pressure within their budget; then
2. Try to contain the budget pressure within the Head of Service budget; then
3. Try to contain the budget pressure within the Service budget;
4. Try to contain the budget pressure within contingency budget; then
5. They would access the cash backed risk register provision.

Management and reporting of access to contingency and the cash backed risk register will be via Corporate Management Team.

2014/15 Budget

The budget for 2014/15 and subsequent years has been prepared by the introduction of a risk based appraisal of all growth items.

This involved identifying cost pressures for future years and understanding the risk associated with these. They were then subject to a robust challenge process in order to remove elements of priced-in risk.

An assessment form was prepared for each potential growth item which provided:

- the most likely scenario identified with the probability expressed as a percentage,
- the most likely budgetary value(£) of that scenario, again with the probability expressed as a percentage,
- An assessment of other risks (likelihood and impact) associated with making, or not making, budgetary provision;
- Mitigating actions targeted at reducing the likelihood and / or impact of the most significant risk factors; and
- The potential impact of each mitigating actions expressed as a budgetary value.

In deciding how to respond to individual growth items, from the information provided, officers were able to consider:

a. The value of the most likely scenario;
b. The potential value of proposed mitigation;
c. The overall risk assessment of making, or not making, budget provision.

This ensured that the Council's appetite for risk in each case will be made from an informed basis.

The Corporate Management Team were also able to see the likelihood of each of the growth items requiring 100% funding in the year ahead, which in turn influences the allocation of funding and reserves – in this case the cash backed Risk Fund.

All growth items were reviewed at the Corporate Round Tables and the outcome was that many of the growth items were included in the baseline budget, as detailed in Appendix 2 of this budget paper. Whilst a number of the growth items were not included in the budget, these are listed below and represent growth items which Services were less certain of occurring but acknowledged that there was still a risk that if circumstances changed then the funding would be required.

The cash backed Risk Fund which was created in 2013/14 remains, such that in being prudent, identified cost pressures could be set against the Risk Fund.

The total of the growth items for 2014/15 amounts to £11.5m.The scoring for each of the growth items per the assessment form was used in determining the value of the cash backed risk fund for 2014/15. An average score was taken such that the value of the items above this score would determine the value of the Fund. The fund therefore equals £5.4m for 2014/15, and this is envisaged to be a worst case scenario. It should be noted that for growth item RHE-FI11 Welfare Reform, a review of the requirements resulted in this item being amended to £2m.

| Growth Risk Register Items 2014/15 to 2018/19		2014/15	2015/16	2016/17	2017/18	2018/19
	Growth Option	**£000**	**£000**	**£000**	**£000**	**£000**
Not included in base but risk register						
EDUCATION, CULTURE & SPORT RISK REGISTER						
RECS16	ASN Growth	200	400	400	400	400
RECS02	Creation of a contingency fund for school repairs/maintenance	100	100	100	100	100
	ECS Total (Risk Register)	**300**	**500**	**500**	**500**	**500**
ENTERPRISE, PLANNING & INFRASTRUCTURE RISK REGISTER						
REPI-AMO21	Postage Costs (adjusted after EP&I SMT 10 Sept)	200	200	200	200	200
REPI-AMO26	Accommodation Move Programme	500	250	0	0	0
REPI-AMO27	Increase in Business Rates	150	426	710	1,002	1,302
REPI-AMO01	Roads: Increased Gully Maintenance	65	0	0	0	0
REPI-AMO06	Street Lighting : Corroded Columns	254	317	378	0	0
REPI-AMO19	Janitorial Overtime - Increased Numbers of Lets	50	50	50	50	50
REPI-AMO24	Recharges from Central Accommodation Offices	137	137	137	137	137
REPI-AMO25	Flood Guards Grant Scheme	50	100	150	200	250
REPI-AMO09	Fleet Replacement Programme Funding	225	450	675	900	1,125
	EPI Total (Risk Register)	**1,631**	**1,930**	**2,300**	**2,489**	**3,064**
HOUSING & ENVIRONMENT RISK REGISTER						
RHE-ES07	Play Area Maintenance	300	300	300	300	300
RHE-FI11	Financial Inclusion - Welfare Reform (combined)	3,413	3,413	3,413	3,413	3,413
RHE-HM01	Welfare Reform - Impact of Homelessness Income	1,139	0	0	0	0
	H&E Total (Risk Register)	**4,852**	**3,713**	**3,713**	**3,713**	**3,713**
SOCIAL CARE & WELLBEING RISK REGISTER						
RSCW26	Increase in LATC contract price re national terms and conditions.	438	898	1,358	1,818	2,278
RSCW25	Change to existing option - removal of 14/15 and 15/16 saving SCW14	300	540	540	540	540
RSCW09(ADJUSTED)	OPR - increase in national care home rate and FPC rate	255	510	765	1,020	1,275
RSCW22(ADJUSTED)	2% demand pressure on alt family services	166	166	166	166	166
RSCW15(ADJUSTED)	cap LD demand pressures (220 capped to 100)	120	120	120	120	120
RSCW29(ADJUSTED)	OPR demographic growth pressure on OPR services (capped 14/15)	372	372	372	372	372
RSCW31(ADJUSTED)	Fund increase in externally purchased services across directorate (capped 14/15)	148	148	148	148	148
RSCW27	Carefirst Licences for recent modules added	42	84	126	168	210
RSCW28	Purchase of additional Multi-view Licences	50	100	150	200	250
RSCW33	Early Years Change Fund 13/14	514	514	514	514	514
RSCW34	Older People's Change Fund 13/14	25	25	25	25	25
RSCW35	Change PBB Option SCW13 (JOINTLY COMMISSION WITH OTHER ORGS)	500	500	500	500	500
RSCW36	Change PBB Option SCW18 (PERSONALISED BUDGETS FOR RECIPIENTS (	545	545	545	545	545
RSCW37	Newton Dee	375	375	375	375	375
RSCW33	Early Years Change Fund 14/15	569	569	569	569	569
RSCW34	Older People's Change Fund 14/15	385	385	385	385	385
	SCW Total (Risk register)	**4,804**	**5,851**	**6,658**	**7,465**	**8,272**
	Total Growth included in Risk Register	**11,587**	**11,994**	**13,171**	**14,167**	**15,549**

Appendix 3

The creation of a Risk Register is underway to record the associated risks and capture mitigating actions in place to support management and monitoring. It is vital that each growth item has an "owner" to update the risk register.

Governance of the Risk Register will be through the Performance & Risk teams existing reporting of updates on risk registers for evidence that growth items are monitored in year to ensure Services are reviewing and updating mitigation of the costs in-year.

The items listed on the Risk Register will be reviewed and updated within every budget cycle. The diagram below outlines the monitoring process.

Diagram: Growth Risk Register Monitoring Process
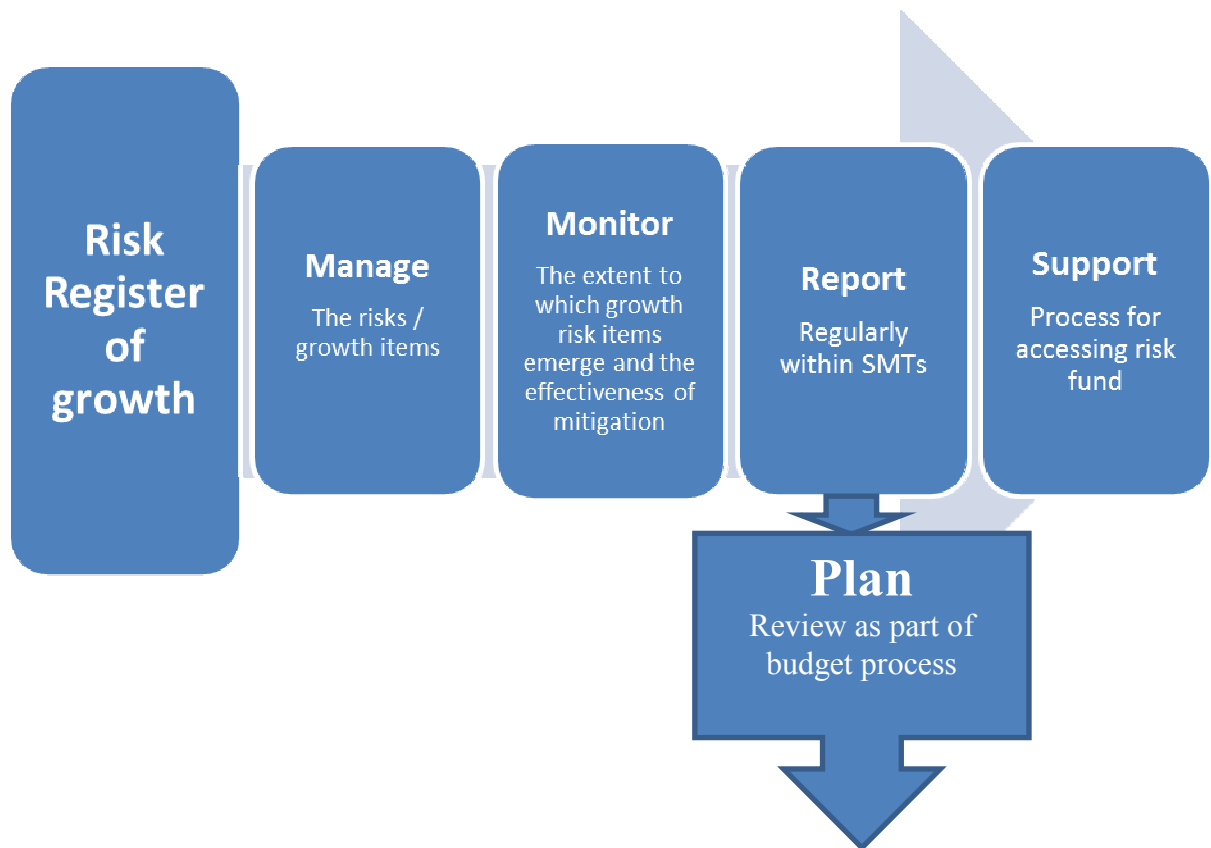
2015/16 Budget
The Risk register will be integral as part of the review of the next five years budget. The application of risk to the wider context of all business planning activity within the Council is vital to the delivery of services to achieve the outcomes to support the Smarter City priorities.

Our vision is
for Aberdeen
to be an ambitious,
achieving, smart city.

Our Future Workforce

Strategic Workforce Plan: 2014/15
2018/19

ABERDEEN
CITY COUNCIL

Smarter Planning - Smarter People - Smarter Aberdeen

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1.0 Executive Summary

This represents the second iteration of Aberdeen City Council's Strategic Workforce Plan. The first plan (2013-2014) introduced eight strategic priorities, which were derived from the common themes which emerged from workforce plans produced by the five services. This year's plan indicates significant progress across the eight priorities and highlights specific workforce planning implications within services.

The Council's workforce is highly diverse and extremely complex, reflecting the range and type of services which the organisation delivers. The workforce, like the organisation as a whole, has undergone significant transformation during the lifetime of the Council. However, whilst it has reduced significantly in size in recent years, our workforce continues to deliver high quality and improving services to the citizens of Aberdeen.

This Workforce Plan is strategically aligned to the Five Year Business Plan (Business Plan) and the Priority Based Budget (PBB). It captures the workforce implications of the Council's ongoing process of transformation, provides commentary on the existing workforce (both at a service and corporate level) and sets out a workforce strategy which seeks to ensure our workforce retains the capability of delivering on the objectives set out within the Business Plan.

Traditionally, like most of the public sector, the Council's budgetary process was focussed mainly on the forthcoming financial year with limited reference to organisational priorities and medium to long term planning. The requirement for savings was met by 'salami-slicing' the budget and an urgency to exit staff from the organisation before 31st March in order to achieve the necessary reductions. Clearly this approach did not facilitate sensible and strategically informed workforce planning.

The introduction of PBB, with its strategic, medium to long term focus, has enabled services to start to workforce plan on a far more meaningful basis. Other practical benefits have followed. For example, the budget is structured to such an extent that there are no plans to reduce staff numbers during the financial year 2014-2015, a position which is clearly beneficial in relation to employee engagement and industrial relations.

Each service in the Council has developed its own business plan with a five year future focus. The plans are characterised by an aspiration to transform services positively for the benefit of citizens and most services are well advanced on this journey.

To enable and support this level of transformation, a number of changes to the way the workforce is managed and organised have taken place i.e.:

- changes to our performance management system – moving to a model which explicitly encourages high performance;
- changes to our employee development programmes – linking to key organisational priorities;
- the introduction of an employee engagement strategy;
- moves to better empower managers; and
- changes to the way we manage attendance.

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However, by virtue of the medium to long term nature of the Council's business planning process, it is necessary to assess the existing workforce (in quantitative and qualitative terms) in relation to its capability and capacity to deliver on the longer term objectives contained within the Plan. Key considerations in this regard include:

- how we will develop workforce skills and capacity;
- how we will manage talent within the organisation;
- how we will pay and reward our workforce; and
- how we will develop the organisation.

Developing a vision of the workforce of the future and dealing with actual or perceived gaps in capacity and capability will require the Council's HR Strategy to be re-modelled accordingly. Taking cognisance of the common themes emerging from the directorate and corporate Business Plans and with regard to the financial landscape set out in the PBB document, the following strategic workforce priorities are proposed for the period 2014-2015 to 2018-2019:

1. **Smarter Integrated Planning -** strengthening and making increasingly explicit the linkage between business, financial and workforce planning.

2. **Cultural Transformation -** further embedding a culture of high performance across the organisation.

3. **Improving Employee Engagement -** maximising the effectiveness of our employee engagement strategy – striving for positive industrial and employee relations.

4. **Smarter Health, Safety and Wellbeing -** further encouraging a proactive health, safety and wellbeing culture.

5. **Smarter Working and Service Delivery** – changing the way we work to better match the demands of our customers and the expectations of our workforce.

6. **Employer of Choice -** ensuring that the Council's status as an 'employer of choice' is enhanced and that the principles and spirit of equal opportunities are evident in all aspects of the Council's employment processes.

7. **Smarter Attendance Management -** ensuring attendance management levels equate to upper quartile performance standards.

8. **Smarter Recruitment and Skills Development for Managers -** ensuring high level management performance across the Council through robust selection processes and tailored development programmes.

Delivering on these priorities will go a significant way to fulfilling the Business Plan's aspiration to have a 'flexible, skilled and motivated workforce'.

Actions in support of these strategic priorities are underway and an evaluation of success so far is shown at **Appendix A**. The HR&OD service is monitoring and measuring the extent to which we are making progress towards these planned outcomes for the workforce and the organisation.

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Workforce planning is by its nature iterative. Therefore, the Workforce Plan will continue to evolve to match the objectives and aspirations of the organisation. This equally applies to each Directorate's workforce plan and each Directorate will put similar arrangements in place for monitoring and measuring the success of their workforce planning process to ensure that it is supporting the execution of their business objectives and is anticipating the impact on their workforce based on the Council's financial forecast.

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2.0   Introduction

Aberdeen City Council has been a major employer in the city since its inception in 1996. The organisation is people intensive, borne out by the fact that approximately 60% of the net revenue budget relates to staffing.

The Council regards itself as a 'good employer' and can back this up with concrete evidence. For example, we are one of the very few local authorities in Scotland which will implement pension auto enrolment on schedule – demonstrating genuine care for the financial wellbeing of our employees in their later years. In addition, we have established one of the most extensive and creative employee benefits packages in the country and the terms and conditions of employment we offer are, in many respects, competitive.

Despite significant ongoing resourcing challenges, the Council is committed to maintaining, and indeed enhancing, our reputation as an employer of choice. This is significant as the successful achievement of the objectives contained within the Business Plan will be highly dependent on our success in continuing to attract and retain the right number and quality of employees.

This Strategic Workforce Plan attempts to more fully align our workforce planning with our business and financial planning and the document therefore complements both the Business Plan and the Budget Plan.

The traditional public sector budgetary model of setting annual budgets with little or no medium to long term business planning was replaced within the Council by a more

strategically focussed model in 2011-2012 i.e. priority-based budgeting. This model enables us to set service priorities and prioritise spending towards achieving these objectives – rather than 'salami-slicing' all budgets which has, in the past, resulted in less being provided across a vast range of non-prioritised and potentially unnecessary services.

The PBB model is widely recognised as an exemplar in relation to public sector financial management. However, the benefits of the model extend far beyond budget setting and maintenance. The model is aligned completely to the Council's business or service planning process (business priorities shaping the budget). In addition, the PBB model has enabled the initiation of meaningful and strategically aligned workforce planning.

Workforce planning of sorts has always been undertaken within the Council. Some services have developed an expertise in ensuring that changing service demands are catered for by appropriate adjustments to their workforce. For example, the relatively clear cut demand factors within the school sector (i.e. pupil numbers) have enabled Education, Culture and Sport to plan the teaching and other school-based workforce accordingly.

Whilst some cross-Council workforce planning success has been achieved, up until the introduction of the PBB model it is fair to say that the majority of workforce planning represented a relatively crude reaction to year on year budgetary reduction. The fact that approximately two-thirds of the revenue budget relates to 'staffing' created an inevitability that staffing costs would require to be reduced significantly.

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accommodate any directional changes in terms of business and/ or financial planning.

The pre-PBB budgetary process was characterised by the commencement of redundancy consultation in November/ December each year to ensure that the statutory period for consultation was adhered to. Large numbers of staff were exited from, or redeployed within, the organisation and the period November to March was traditionally difficult for employees, unions, managers and the HR&OD Service.

Whilst the rate and extent of organisational change has arguably intensified since the adoption of PBB, the new model has allowed services to make these changes on a planned, gradual and more inclusive basis. The rationale for change is clearly articulated within the Council's Business Plan and this has enabled more informed consultation to be undertaken.

Service planning (and PBB scoping) enables a medium to long term business perspective to be taken. Services necessarily require to give careful and considered thought to the staff resources they will need in order to achieve their core objectives (rather than the single year 'survival' mentality promoted by the previous budgetary model).

This Strategic Workforce Plan contains evidence of existing and planned workforce transformation which necessarily accompanies the Council's business objective setting. Each service has contributed to the Workforce Plan by providing commentary in relation to current and future workforce composition and Corporate Governance has taken a strategic overview in relation to the implications for the organisation as a whole.

The Workforce Plan is iterative in nature. It will require to be modified on a continual basis in order to capture and

3.0 Our Existing Workforce

In planning for the workforce of the future it is clearly important to take stock of the composition of the current workforce, how it is managed and to be aware of significant underlying trends.

The following factors are regarded as the most significant but are not presented in priority order.

3.1 Workforce Profile

Our workforce mirrors the complexity and diversity of the services we provide. We have a range of employment types including full-time, part-time, job-share, fixed-term, term-time and zero hours. In addition, there are individuals who work for the Council on an irregular basis, including reliefs, casuals, and supply teachers.

The situation is further complicated by the fact that approximately 200 individuals have more then one contract with the Council (some have multi-contracts albeit each one totals a relatively small number of hours).

Therefore, quantifying the workforce with any degree of accuracy and consistency can be as complicated as the workforce itself. Nevertheless, using a 'snap shot' position derived from PSe (as at 31/10/13), the Council's funded establishment equates to 8,479 headcount, with a full-time equivalent of 6,463.

The workforce has reduced in size since the Council's inception in 1996.

Appendix A indicates the extent of the reduction. These figures were taken from the Council's statutory staffing watch returns to the Scottish Government and, whilst not an ideal barometer, the figures do indicate a downward underlying trend.

Other profile data includes the fact that:

- 69% of our employees are female and 31% male - this represents a steady state with only minimal fluctuations when compared against data produced previously;

- 94% of employees have a permanent contract which, again, is consistent with previous analysis;

- 70% of employees are full time (equivalent of 1 FTE) with the remaining 30% working part time; this shows a move towards employees with full time contracts;

- the most highly populated non-teaching pay grade is G09 (approximately £18–20,000 per annum) with 16% of employees paid on this grade;

- the average length of service is 9.5 years.

Age Profile

Appendix B shows an age profile analysis of the Council's workforce.

The data shows that we have an ageing workforce (average age 45.5) which peaks at 50 to 59 years of age. This trend has remained static for the last few years. After that point the

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numbers in the respective ranges decrease rapidly. If these peaks are combined with those in the 40 to 49 ranges it is possible to state that around 5000 employees are aged between 40 and 59 years of age. However, it must also be noted that there are significant and arguably 'sufficient' numbers of employees in the lower age brackets.

This means that we are unlikely to experience severe difficulties with huge numbers of staff retiring at the same time and nobody to replace them. While there will be significant numbers of staff approaching retirement at the same time the graph indicates that there should be an adequate supply of employees coming through to fill the gap. Thus, key areas of consideration for us are managing older employees and knowledge management for succession planning purposes.

Age profiling from previous years, conducted on an ad hoc basis, suggests that the trend described above is not new and represents a fairly steady state. In other words having an ageing workforce has not presented us with significant intrinsic issues in the past and has been successfully managed thus far.

3.2 How we recruit our workforce

The Scottish local government shared recruitment portal continues to be the primary channel to communicate with job applicants. More commonly referred to as myjobscotland.org.uk, this is where we advertise our vacancies and how applicants apply for our jobs. This can be supplemented by the use of local and national newspapers, and professional media where required, to attract an adequate pool of applicants.

To supplement the more 'traditional' attraction channels we use, we recognise that in order to engage with a wide range of jobseekers, we need to use the types of communication channels that many potential candidates typically use on a day-to-day basis. We will therefore use mobile technology and social media channels as part of our candidate attraction strategy. This involves recruiters utilising social and professional digital platforms to promote vacancies and enhance our recruitment process. It has the potential to significantly increase our reach to potential candidates.

Social media recruitment is an important element of our drive towards improving our status as an **'Employer of Choice'**, one of our eight strategic workforce priorities.

We pride ourselves on the robustness of our recruitment process which is grounded in the following statutory and best practice principles:

- appointing the best person for the job;
- appointing on merit;
- respecting and promoting equality of opportunity; and
- following a fair and equitable process that is free from unlawful discrimination.

We have developed a comprehensive protocol for managers on recruitment and selection and all our managers are required to attend recruitment and selection training to help them make effective selection decisions.

Recognising the critical role recruitment plays in ensuring we have high performing people with the right knowledge, skills attributes and behaviours to enable us to deliver organisational objectives now and in the future, we recently

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carried out a comprehensive review of our recruitment process. The aim of the review was to achieve better, faster recruitment which would be achieved through more streamlined, well-organised processes that are timely and efficient. The review was called **Smarter Recruitment** and involved a series of workshops with managers representing a variety of occupational groups.

Many of the expected outcomes have been achieved, most notably a 46% reduction in the average time to fill a job from it going 'live' to the candidate being appointed and a 38% reduction in the average time to fill a job from the candidate submitting their application form to being appointed.

These faster timescales will greatly assist the workforce planning process.

3.3 How we contract our workforce

There are a range of different types of contract used throughout the Council. Around 90% of employees are employed on permanent contracts. Within that group around 30% are employed on a part time basis.

There are a number of jobs where fixed term contracts are used. This type of contract is particularly appropriate where there is a project with an end date or where funding is being provided for a limited period. At the moment around 5% of employees are on fixed term contracts.

In addition to these two main contract types we offer trainee contracts and secondment arrangements which allow for the development of our employees.

Recently there has been public disquiet over the use of zero hour contracts and it is clear that unscrupulous employers can, and do, use these contracts inappropriately. The Council does have a small number of these arrangements in place and there are cases where there is a sound business reason for offering a zero hour contract. Most often that occurs where the work or funding available is highly intermittent. The use of these contracts continues to be monitored to ensure that they will only be used when that is the most appropriate contractual arrangement available.

3.4 How we reward our staff

We have four distinct staff groups, each of which has its own national negotiating arrangement for pay purposes and each of which has specific pay and grading arrangements in place.

For Local Government employees pay is determined through the application of an analytical job evaluation scheme. Using that scheme helps us to reward staff in a way that is both fair and transparent and provides protection against equal pay claims. In order to continue to benefit from that protection we will have to continue to maintain the job evaluation outcomes and carry out regular equal pay audits.

Teachers' pay scales are determined nationally by the Scottish Negotiating Committee for Teachers (SNCT). This sets out the rate of pay for all main grade teachers. Where jobs are defined as 'promoted posts', i.e. Head Teachers, Depute Head Teachers, Faculty Heads and Primary Principal Teachers, a job sizing toolkit has been provided through the SNCT to determine the appropriate rate of pay.

Craft Workers continue to be paid in accordance with a local collective agreement on the rates of pay for the respective trades, semi-skilled and unskilled labourers.

Clearly the ability to recruit the right calibre of staff is heavily influenced by both the rate of pay for the job and by the overall employment package available. Where recruitment pressures have arisen creative solutions have been sought, and found, in order to ensure a viable supply of resources. Examples include the use of targeted career fairs, the use of social media for advertising and the increasing tendency to 'grow our own' employees.

Employment Package

Our employment package is constantly reviewed and updated to ensure it is both attractive to potential employees and valued by current employees. In addition to a competitive pay rate, which at the lowest point exceeds the current 'living wage', we also offer:

- a competitive pension scheme;
- very competitive holiday provision;
- a variety of flexible working opportunities including flexi-time, part-time, term-time and compressed hours;
- up to twelve months' sick pay (service dependent);
- an employee assistance programme;
- one of the best employee benefits packages in the country – comprising several salary sacrifice schemes (from childcare vouchers to the purchase of annual leave) and a range of employee discounts.

The employee benefits package will be actively promoted over the coming months to maximise the advantages of the schemes for both the employees and the Council.

The Living Wage

The living wage figure is set annually based on statistical calculations carried out by the Centre for Research in Social Policy at Loughborough University. That calculation takes into account a range of factors such as rent and childcare costs. The uprating of the living wage figure each year takes account of rises in living costs and any changes in what people define as a 'minimum'. It also takes some account of what is happening to wages generally to try to prevent a situation where living wage employers are required to give pay rises that are too far out of line with general pay trends.

The national pay award for 2013-2015 incorporates the adoption of the living wage figure as a minimum hourly rate. The Council has chosen to amend its pay and grading structures to reflect that minimum rate rather than paying a supplement to those in the bottom grades.

While the Council has to date supported the application of the living wage, and this has clearly assisted our less well paid, it should be noted that the continual 'bottom loading' of pay awards does create difficulties. The increase in the living wage for 2014-2015 will be 2.68%. In comparison the pay award for other Council employees will be 1%. If that disequilibrium continues in future years the Council will be faced with two options; either to pay all affected employees the same hourly rate irrespective of their job demands or to increase the pay of all employees to reflect the increase in the living wage. Both of these options are likely to have

serious negative implications for either the employees or for the Council.

3.5 Our organisational culture and how we expect our workforce to perform

We recognise that the delivery of the Council's 5 year Business Plan, Smarter City agenda and high quality services depends on the quality of our workforce and on consolidating and enhancing a culture which focuses on outcomes and on high performance.

Performance Review and Development (PR&D) underpins this by providing an on-going mechanism for clarifying what is expected of each employee, recognising good performance, dealing with underperformance at an early stage and promoting the behaviours which will drive the Council forward. In addition it sets the foundations for a cohesive performance management framework by linking directly to recruitment, induction, development, managing underperformance and talent management.

The use of the online PR&D reporting tool means we also now have a more effective means of forward planning which, for the first time:

- provides managers with an overall picture of performance across their service – allowing them to more readily identify high performers, employees with potential and areas of under-performance which need to be addressed;
- collates development needs providing a more structured tool for planning to meet service and corporate development needs.

PR&D is now entering its second year. A full review of the scheme was undertaken in June 2013 involving feedback from employees across the organisation. The process has also received a positive report from Price Waterhouse Cooper (PWC) highlighting areas of good, and even excellent, practice. Any minor areas of weakness noted by PWC are being addressed.

Latest developments on YourHR include a tool allowing employees to build a bank of examples and evidence of performance over the PR&D year and a 360 tool for reviewing the performance of managers.

3.6 How we develop our workforce

We recognise the need to invest in the development of people to enhance their skills and performance and realise their potential. To meet this need, the Council has three teams which provide a comprehensive range of development activities for employees ranging from short training courses to management qualifications.

The Organisational Development (OD) team, located in HR&OD, focuses on responding to the organisation's business needs and helping to improve performance. It manages corporate development across the organisation and has an allocated corporate training budget (CTB) for this purpose. This includes helping identify needs at a corporate level, designing and delivering training, or sourcing providers where appropriate, and evaluating what has been provided.

In addition, there is a development team located within Education, Culture and Sport to support the specific requirements of teaching staff and other teams located within

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To overcome the skills shortages we face, we have developed schemes to '**grow our own**' workforce in order to supply the staff we need. Examples include, HR professionals, Solicitors, Accountants, Environmental Health Officers, Trading Standards Officers, Planners and Building Standards Officers.

Typically, these schemes involve identifying individuals with potential, either in-house or externally, designing an individual development plan for a defined period, supporting the individual while they study for the relevant qualification (e.g. providing mentoring) and providing them with work experience. This can either lead to appointing them to a suitable post at the end of their training programme or creating a pool of trained people with the skills and behaviours we need to recruit from when vacancies arise.

Apprenticeships
We provide a range of craft apprenticeships (e.g. skilled labourers, electricians and plumbers) which give apprentices an opportunity to gain experience and to learn the skills and behaviours that we need. We employ approximately 80 apprentices, under a 'training contract', at any one time and this provides us with a valuable pool to recruit from.

Leadership Development
Recognising the need to strengthen leadership capability so that managers have the skills to develop and motivate high performing teams and individuals, we have introduced a range of powerful programmes to develop managers' leadership and strategic skills. Evaluation of these programmes has been good and participants are experiencing a positive change in their job role as a result of attending. The proposal going forward is to add to this provision by developing a more structured programme which introduces core skills at first line

Social Care and Wellbeing and Bon Accord Care to support CPD for social care staff.

Corporate learning and development priorities are determined and reviewed on an ongoing basis and services are provided with monthly reports of corporate training undertaken by members of their service. The OD team is also responsible for managing the CTB.

Development needs which are service or job specific are funded from service training budgets. The CTB is used to fund development needs which are common across services and which will enable employees to deliver the aims, vision and values of the organisation. Given the importance of an engaged and committed workforce to high performance it is intended to rebrand this to the Corporate Training and Engagement Budget (CTEB) and to work with the People Dimension Group to identify funding to support engagement interventions with the workforce and stakeholders in achieving transformation.

Development is planned taking into account different learning styles, the need to balance time spent on development with operational requirements and the need to make best use of our resources. We therefore offer development through a range of methods such as face to face workshops, eLearning, coaching, mentoring, 'hot topic' seminars and tailored team events.

Developing skills in-house

Trainee Schemes

manager/ supervisor level and which builds appropriately on these at middle and senior manager levels.

3.7 How our workforce is performing

Statistics on workforce performance are available through recording PR&D outcomes on YourHR, an online portal developed in-house. However, because of timescales and the unfamiliarity of YourHR in the first round of PR&D, not all records were input using this system. This has resulted in less management information being available to services for forward planning than there could have been.

Despite this the following statistics are available from PSe and YourHR:

	Total PR&D meetings recorded on PSe	Total PR&D records on YourHR	Exceeding by objective and behaviour	Underperforming by objective or behaviour	Being managed under policy
CG	457	478	7	9	8
ECS	563	253	17	5	5
EP&I	824	650	6	8	9
HE	778	535	15	15	34
OCE	9	7	0	0	0
SCWB	635	451	10	12	7
Total	3287	2374	55	49	63

Information as of 27 August

NB – the first column includes outcomes recorded on both YourHR and manually on PSe; however, information regarding exceeding and under-performing is only available for outcomes recorded through YourHR; it should also be noted that these are statistics as they are known and there may well be instances where meetings have taken place but have not been recorded as such.

Detailed reports of outcomes and development needs have been fed back to Services for information and action. A proportion of the CTEB has been set aside to support the development of those in the 'exceeding' category and Heads of Service have been advised of the process for accessing money from this pot. At the same time the OD team have been able to use the corporate development needs to help plan their future programmes and to offer places on workshops to those who have identified needs through YourHR.

3.8 How we're developing a flexible workforce

The Council has promoted flexible working for many years. The benefits of flexible working are numerous including improved productivity, higher staff retention rates, lower accommodation costs and a reduced carbon footprint.

A recent survey of a sample of employees who work flexibly highlighted the value they place on their working arrangements. 67% of those surveyed reported a better work life balance. 66% said their productivity had improved.

As part of that survey respondents were asked if there were any other kinds of flexible working arrangements we should consider introducing. Amongst other things respondents asked for the ability to carry forward more hours at the end of a flexi-period and more flexibility in the application of core hours. A number of the suggestions received have been incorporated into revised guidance which has since been made available to all managers and employees.

A series of conferences highlighting the availability of different flexible working options has been held. At those conferences

some of the ICT tools available to support flexible working, including Your HR, were also demonstrated.

3.9 How we engage with trade unions

As a member of the Confederation of Scottish Local Authorities (CoSLA) the Council is bound by national agreements of terms and conditions of service. There are four National Negotiating Committees which determine annual pay awards and various nationally prescribed conditions of service. These are the Scottish Joint Council for Local Government Employees, the Scottish Joint Council for Craftworkers, the Scottish Negotiating Committee for Teachers and the Joint National Committee for Chief Officials.

The Council recognises the same trade unions as those represented on the National Negotiating Committees i.e. UNISON, UNITE, GMB, UCATT, EIS, SSTA, NASUWT and the Voice.

The Council recognises trade unions for collective bargaining purposes and has in place a number of local collective agreements. We seek to work in partnership with trade unions with a view to establishing a culture of trust and developing a working environment where the ideas, views, knowledge and experience of the individuals who make up the workforce are listened to, considered and valued.

We also have in place local negotiating and consultation arrangements where Elected Members meet with Council officers and representatives of the trade unions at Joint Consultative Committees. In addition trade union regional officers have a regular meeting with the Chief Executive to discuss topical issues. More formal consultation is undertaken

through each service having a Union Management Committee chaired by the Director or other senior manager within the service.

In addition the local trade union conveners meet with senior management of the HR&OD Service to consult on corporate issues and deal with concerns.

We also have separate regular consultation arrangements for health and safety issues. This is described in more detail in the Health and Safety section of the Workforce Plan.

In order to promote effective and positive industrial relations the Council has had in place for a number of years a Framework Agreement on Industrial Relations ('FAIR') which includes a process for dealing with disputes. Over the years the Disputes Procedure has been used on a number of occasions and has provided for a successful resolution of outstanding issues. It is necessary to review 'FAIR' with a view to incorporating many of its positive aspects into a new Partnership Agreement between the Council and trade unions.

It must be recognised, however, that not all employees choose to be a trade union member and mechanisms have been established, and will need to be created, to allow all employees to have a say through offering views, ideas and comment on matters which affect them (e.g. Employee Voice). So whilst a positive working relationship through partnership is the way forward, we need to take account of those employees who choose not to join a trade union and develop arrangements to demonstrate and ensure they are equally valued and listened to by the organisation.

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3.10 How our organisation is designed

The organisation has been configured in a number of ways since 1996. Several internal re-structurings have led to changes in the management structure. Indeed it is believed that Aberdeen City Council has fundamentally re-structured more often than any other Scottish Local Authority.

The extent of change is demonstrated by the fact that, in 1996, the Council was organised into 14 departments led by approximately 50 chief officials. The current structure has only five directorates, plus the Office of Chief Executive (OCE) and 24 chief officials.

As a consequence of top-level rationalisation, more operational accountability is now vested in our Service Managers. Below this level there are comparatively few organisational tiers, a far cry from the traditional local authority organisational structure which would have had a large number of tiers between the Chief Executive and basic grade practitioners.

Overall, structures are relatively flat with comparatively few organisational tiers. This form of structure allows for a high degree of personal accountability and encourages employee engagement and flexibility.

Clearly it is essential that our structure is conducive to organisational effectiveness and, importantly, to the delivery of high quality services. To achieve this, we are continually adapting in response to legislative requirements or to better meet the needs of the city.

Over recent years certain Council services have been taken over by arms' length organisations such as Bon Accord Care and Sport Aberdeen.

Major organisational priorities such as the Service Improvement Programme have resulted in a fundamental review of the resources required to drive those programmes forward. The continuing need to provide high quality services where funding is under pressure results in a constant search for more efficient organisational arrangements.

It is inevitable that organisational change will continue for the foreseeable future. We must therefore remain open to the changes needed to respond to these pressures and continually improve the services provided.

3.11 How we empower our managers

We recognise that the quality of our leaders and managers and the relationship between line managers and their teams is key to organisational effectiveness. In this respect we have focused on recruiting and retaining the type of manager we need and achieving the right balance between empowering them to manage effectively and providing them with the right levels of support.

In line with this we have shifted the focus of our management recruitment from technical skills to 'cultural fit' and have introduced more rigorous methods of recruitment such as assessment centres to support this where appropriate. Once recruited, we provide an induction specific to new managers to advise them of their responsibilities and of the support which is available to them.

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Group produced an action plan to address this. A number of key actions from this plan have been taken forward and implemented. These include:

- a focus on the quality of our leadership and management – including the shift to a more behavioural approach to recruitment and the development programme for managers, as described earlier in this document;

- the involvement of employees in key initiatives which affect them – a good example being the development of the PR&D scheme which began with a 'world café' event seeking employees' views and included employee input at every stage in its development;

- the introduction of 'communication' and 'engagement' as core behaviours for all managers, against which they will be recruited and against which their performance will be measured through PR&D;

- the introduction of the STAR Awards to recognise outstanding contribution by employees across the organisation;

- the implementation of 'Heads Up', a campaign which promotes the council's core and management behaviours through engaging events, interviews, back to the floor sessions, online Q&A and lunchtime seminars, each 'headed up' by a member of the extended corporate management team

- continuation of Employee Voice, the council's online suggestion scheme, which allows employees not only to make suggestions for service improvements but also to

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We have also clearly defined, under the PR&D scheme, consistent standards for all managers which provide role clarity and clarity of expectations.

Over the last few years we have rolled out an intensive development programme for managers which raises awareness of the impact of their behaviours on others and which encourages a task-oriented yet people focused approach to management. This programme has delivered tangible results for managers, their teams and for the organisation.

We are now moving increasingly towards empowering managers through more flexible policies. As an example the PR&D scheme, which focuses on achieving a high performance culture, allows managers a large degree of flexibility in how it is implemented to suit the differing needs of different occupations and services. In addition, the job profile format, which focuses on overall outcomes rather than detailed tasks, is designed to enable managers to manage their resources to best effect.

3.12 How we've improved employee engagement

Engaged employees understand and share their organisation's goals, are confident in their capabilities, trust their leaders and, in turn, feel trusted by them. The business model that drives higher productivity and enhanced performance through improved employee engagement has been well researched and well documented.

The 2010 Employee Opinion Survey indicated that there was a need for us to improve levels of engagement across the organisation. As a result the cross-service People Dimension

interact with colleagues they would never otherwise meet and to discuss service improvements in a way which would not previously have been possible.

The introduction of 360° performance review will provide us with a clearer picture year on year of how effectively our employees feel their managers are engaging with their teams. It is therefore important to ensure our managers understand what engagement is, why it matters and how to engage their staff. This will form a core part of our management development programme while at the same time we are developing a toolkit on trust which managers can use with their own teams.

Beyond management other factors which contribute to engagement include:

- **availability of training, development and career progression** – the ability under PR&D to identify potential and high performance should assist with retention and succession planning. In addition the proposed model for management development should provide clearer opportunities for career progression;

- **appropriate involvement in corporate decisions and activities** – in this respect we will continue to work with the People Dimension Group in supporting the Communications and Engagement Manager to implement the Communication and Engagement Strategy by:
  o involving employees in the future review of PR&D and in the planning of future development;

- supporting future Heads Up! Campaigns and ensuring opportunity for wide involvement of all employees in this;
- assisting with the STAR awards as part of embedding the organisational behaviours;
- promoting the council as an employer of choice, through a range of means; and
- providing opportunities for employees to stretch their capabilities through leadership of projects, employee forums, taking on mentoring/ coaching/ champion roles, and, in the longer term, exploring the potential of Sharepoint to identify internal expertise which can be tapped into.

3.13 How we manage attendance

In January 2013 a report to Parliament by the Secretary for State for Work and Pensions entitled "Fitness for Work"; the Government response to 'Health at work – an independent review of sickness absence" stated "….we now know that work can be good for people's health". As such the Council strives to promote health and wellbeing in the workplace.

We provide support to managers and employees in keeping fit and healthy through:

- our Employee Assistance Programme which includes 24 hour employee counselling service;
- free employee health checks offered at different sites across the city; and
- providing physiotherapy services where this will speed the return of the employee to work.

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Our occupational health provider advises managers on the fitness, or otherwise, of employees as well as providing services to assess the condition of the workforce, including HAVS assessments, night working assessments and auditory tests. It also undertakes preventative measures such as flu and hepatitis inoculations.

A significant amount of health and safety training is made available along with literature on the Council's intranet promoting safe working practices in all work locations and risk assessments on all work activities.

Sickness absence in the Council is closely monitored with employees being required to report sickness usually within an hour of their starting time. For some occupations, such as teachers and carers, reporting is required before normal start times so alternative arrangements can be made.

To assist managers to maximise attendance we have a policy which is supplemented with comprehensive guidance notes. In accordance with HR best practice, this policy requires employees who have been off due to sickness to have a return to work discussion with their supervisor/ manager.

On the issue of short term sickness absences there are 'triggers' for formal management action if an employee has 10 days absence, or over, or is off on more than three occasions within a rolling calendar year.

For long term sickness, defined as over 28 days (four weeks), there is a supportive process which requires managers to keep in contact with the employee and seek occupational health advice with a view to getting the employee back to work at the earliest opportunity.

The Council is supportive of employees who are off work due to sickness. However, it will manage sickness absence and where an employee is unable to fulfil their contractual obligation to work, the Council will take the necessary steps, in accordance with the Maximising Attendance policy, to bring employment to an end either by ill-health retirement, where recommended by our occupational health service, or by reason of capability.

Finally, it is recognised that from time to time an employee's attendance at work may be affected by events outwith their control. For example:

- the weather – we have Bad Weather guidance;
- family bereavement and emergency breakdown in caring responsibilities - we have Special Leave provisions;
- domestic emergencies – we have Employee 'AIDE'.

In these circumstances (and many more planned and unplanned absences) the Council has guidance on how this should be handled and has extensive special leave provisions.

3.14 How we address equality and diversity in the workplace

As a public body, the Council's equality and diversity agenda in relation to employment is primarily focussed on meeting the requirements of the General and Specific Duties under the Equality Act 2010. The public sector equality duty covers the protected characteristics of age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or

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belief and sexual orientation. It also covers marriage and civil partnership.

The General Duty is to:

- eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not;
- foster good relations between people who share a protected characteristic and those who do not.

The purpose of the Specific Duties in Scotland is to help authorities in the performance of the General Equality Duty

The Specific Duties relating to employment are to:

- publish equality outcomes and report on progress;
- gather and use employee information;
- publish gender pay gap information;
- publish statements on equal pay including occupational segregation information;
- report progress on mainstreaming the equality duty.

HR&OD has therefore focussed over the last year on putting in place arrangements to meet these new duties (which replaced the previous statutory duties and the Single Equality Scheme).

With regard to equality outcomes, three employment related outcomes were compiled which are:

- to have a workforce that reflects the community we serve;
- to have an organisational culture that is free from unlawful discrimination; and
- to achieve and maintain pay equality within the workforce.

Equality outcomes are overarching high level aims the organisation has in relation to equality and diversity which require to be specific and measurable. Evidence was used in their compilation as well as involvement of people from relevant groups. Progress towards meeting the equality outcomes will be monitored with relevant measurements put in place.

Action plans have been compiled which are being pursued by six equality groups set up in HR&OD to meet the three outcomes. The groups represent specific equality strands and cover all the protected characteristics. Each group has a leader, with the leaders meeting every six weeks to report on progress in relation to the action plans and to discuss employment related equality issues.

The Council is working towards full compliance with the Specific Duty of gathering information on the composition of employees as well as annual information on recruitment, development and retention of employees with respect to the number and relevant protected characteristics of employees.

The Council was able to produce certain of this information in the Mainstreaming Report submitted in April 2013 and is currently in the process of arranging for the provision of all the required information.

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A data validation exercise was carried out in the early part of 2013 which should help to provide fuller and more up-to-date information regarding the composition of the workforce across all the protected characteristics. The information on 'development' and 'retention' will be available from the HR/Payroll database and the 'recruitment' information will be provided from the data submitted by job applicants through the myjobscotland recruitment portal.

With regard to the other Specific Duties, gender pay gap information, a statement on equal pay and information on occupational segregation were all compiled and included in the Council's Mainstreaming Report submitted in April 2013. The gender pay gap information showed that there was no material difference between men's and women's average hourly pay, excluding overtime.

In relation to the last Specific Duty, and as detailed above, HR&OD contributed relevant employment equality information for the Council's first Mainstreaming report which provided progress to date on mainstreaming the equality duty.

3.15 How we manage Health, Safety and Wellbeing

The organisation has adopted an integrated holistic approach to occupational health, safety and wellbeing. The organisation's proactive health and safety management system is promoted through visible leadership and commitment promoting, setting and enforcing a positive health and safety culture within the organisation. The Council's health and safety management system received national recognition by achieving its ROSPA Gold Medal Award in 2013.

The Health and Safety Policy is designed to contribute to the Council's business performance, demonstrating commitment to continuous improvement. Roles and responsibilities are clearly defined in corporate, service and local arrangements. At organisational level the Corporate Health and Safety Committee provides a necessary overview and co-ordinating role. The Corporate Health and Safety Action plan is promoted through the health and safety committee structure incorporating the policy's principles into a safe working culture through distributed leadership. Councillor Gordon Graham has been appointed as a Health and Safety Champion to act as a scrutineer.

Health and safety is an integral part of service delivery at strategic level through to operational delivery. Assessment of risk ensures that the organisation is 'risk intelligent' and that key occupational health and safety risks related to service delivery and work tasks are identified and eliminated, reduced or controlled. Supportive management systems and practices ensure risks are dealt with sensibly, responsibly and proportionately.

Proactive and reactive workplace monitoring assist in identifying trends, areas of good practice and areas for improvement. This information is used to develop action plans and inform the allocation of sufficient resources to implement the Health and Safety Policy. The promotion of health, safety and wellbeing is a shared employee, trade union and management objective which is discussed in open forums such as the Corporate and Directorate Health and Safety Committees and service team meetings.

A robust recruitment and selection process coupled with a variety of training and development opportunities ensure

competent employees. A suite of corporate health, safety and wellbeing training, based on the needs of the organisation, provides employees with information alongside service specific inductions and briefing sessions.

Proactive health and wellbeing events and opportunities for employees are planned and delivered via the Health, Safety and Wellbeing team in conjunction with the Employee Good Health Group. The organisation achieved its Healthy Working Lives' Bronze Award and Mental Health Commendation Award in 2013.

The introduction of 'fee for intervention' by the HSE continues to give added focus to our efforts to ensure that safe working practices are routinely adhered to and that 'health and safety' is factored into all operational and strategic decision making.

3.16 Why people leave the organisation

We collect data about the reasons why people leave the organisation using a leavers' questionnaire. The main aim of this is to gain a better understanding of the reasons employees move jobs and to gather their views and insights into workplace issues which are vital to improve service delivery and address critical recruitment and retention issues. Analysis of the data significantly contributes to our systematic and strategic approach to improving employee retention and helps us devise action plans to make any necessary improvements in specific work areas to counter the potentially costly and disruptive effect that high levels of employee turnover can have.

We recognise that an employee's formally stated reason for resigning may not always be accurate or provide a complete

account of why they are leaving. However, many employees are prepared to disclose the underlying reasons for their departure in a leavers' questionnaire because it is confidential and not completed in a face-to-face meeting with their manager. Using the questionnaire can therefore provide more in-depth and honest feedback.

From our analysis of the data between October 2012 and October 2013, 'securing a job elsewhere' was one of the most common reasons for leaving the Council across all Directorates. It is the main reason for leaving Corporate Governance, Enterprise, Planning and Infrastructure and Housing and Environment. Indeed, only a small number of leavers left due to factors external to the Council such as moving from the area, caring responsibilities etc. In general, leavers from Social Care and Wellbeing and Corporate Governance are less likely to leave the Council due to work related issues such as terms and conditions and task based concerns. This indicates that any measures introduced to improve issues, particularly those tailored to meet the concerns raised for each service, will encourage valued employees to remain with the Council.

81.4% of leavers during this period would recommend the Council as an employer while 63.6% would consider returning to work with the organisation in the future. This highlights the importance of maintaining contact with departing employees with a view to improving the quality of the recruitment pool.

The findings also indicate that the local private sector and other local authorities are our main competition for employees. Not surprisingly, the majority of leavers based within Education, Culture and Sport are more likely to secure employment with other local authorities as opposed to the

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to determine this due to the limitations of the current questionnaire.

With the planned introduction of the revised Managing Leavers Policy and Procedure in early 2014, such data will be reported to Directorates on a regular basis for future considerations from a workforce planning perspective as they monitor and measure the effectiveness of their workforce plan and strategies.

remaining Directorates where the majority are inclined to move to the private sector. In addition, a significant number of leavers from each service do not leave the Council to secure further employment indicating a potential pool of alumni and mentors.

There is also evidence to suggest that, while the majority of leavers are more than satisfied with the training provided to carry out their work effectively, there seems to be a lack of opportunities to enable these individuals to progress further. This is particularly apparent in Enterprise, Planning and Infrastructure and Housing and Environment. Regardless of this, it appears that the type of position and section the post is located in may also have an impact on the level of opportunities available. For example, despite two thirds of leavers from Education, Culture and Sport disagreeing with the statement 'lack of career progression' all leavers with 'officer' in their job title and the majority of those based in the culture or communities sections believed that career opportunities were not available to them.

The analysis highlights areas of consideration for each Directorate which in turn indicates possibilities and opportunities to target initiatives to retain valued employees. Directorates use this information to devise retention strategies and these are reflected in their service specific workforce plans.

The leavers' questionnaire is currently being revised to further improve the quality of the data collated. This will enable further detail in relation to age of the leaver and his/ her level of responsibility as well as providing additional reasons for leaving. For example, there may have been reasons why leavers found a 'better job elsewhere' but it was not possible

Education Culture and Sport

Current issues include:

- increase in Nursery entitlement to 600 hours per pupil from August 2014. This will have implications for teaching staff and Nursery Nurses and also for the Early Years team in respect of the support provided to partner providers;

- the Inclusion Review – considering how education is provided across all sectors which will likely impact on mainstream primary, secondary and special schools, ASN and SEBD bases within mainstream schools and will have an impact on the teaching workforce, school support staff (in particular PSAs and Nursery Nurses) and the Educational Psychology service;

- ensuring compliance with the statutory duties set out under the Requirements for Community Learning and Development (Scotland) Regulations 2013.

Estimated impact on future demand for staff:

- decrease in Secondary Teacher posts by 2016, increasing above current level by 2020 (NB based on pupil roll projections);
- increase in Primary Teacher posts by 2016 and again by 2020 (NB based on pupil roll projections);
- increase in Nursery Teacher posts by 2014*;
- increase in Nursery Nurse posts during 2014*.

* NB the level of increase is linked and will offset each other in terms of exact number of posts required.

4.0   Forecasting

4.1 Summary of each Directorate's analysis of current and future trends and resourcing/ development needs

Integrating workforce supply and demand analysis into the strategic planning cycle ensures that services have the right number of people, with the right skills, in the right place, at the right level and at the right cost. Such strategic workforce planning is crucial given that that direct people costs make up approximately 68% of our organisational costs. This level of forecasting enables Directorates to plan ahead and consider what the future implications might be on their workforce (both in terms of size and type) and for potential reductions in budget based on the Council's financial forecasts.

Recognising that success is derived from having the right workforce in place to deliver their strategy and business objectives, each of the Council's Directorates has analysed and estimated their future workforce needs against their strategic direction and future business needs. A summary for each Directorate is provided below. Our corporate development and learning priorities, derived from this strategic workforce planning process, are included at **Appendix E**.

Where there are implications for the workforce, services will consult the trades unions and the employees affected in accordance with usual consultation requirements.

Housing and Environment

Current issues include:

- review of delivery of Housing Options and Advice, Homelessness, Housing Support and Community Safety services;

- impact of Welfare Reform on service design and delivery;

- introduction of new Scottish Housing Quality Standards from 2015 which will have significant resourcing and training implications;

- delivering a significant number of new council homes which will have resourcing implications;

- addressing critical recruitment and retention difficulties within Environmental Health/ Trading Standards;

- meeting waste management targets including developing a new site and introduction of further collections which will have resourcing implications; and

- the national review of scientific laboratories.

Estimated impact on future demand for staff:

- decrease in Housing Options/ Homelessness posts by April 2014;
- creation of additional CCTV posts by April 2015 (TUPE transfer from Police Scotland);

- reduction of one City Warden post and one Technician post by April 2018;
- decrease in Architectural /Quantity Surveying posts by April 2016 and a further decrease by April 2020;
- reduction in Environmental Health/Trading Standards posts by April 2017; and
- creation of three year fixed term Strategic Infrastructure Plan (SIP) posts by April 2014.

Enterprise, Planning & Infrastructure

Current issues include:

- the need for ongoing redesign and restructuring of the service to improve service delivery and meet customer demand. More specifically, having the right resources in place to progress high level projects such as Digital and Transport Connectivity, City Centre Regeneration, Smarter City Agenda etc;

- the Roads Service review which is expected to have 'smarter working' and training implications along with the need to create new roles to take forward the commercial side for income generation. Linked with this will be the work associated with taking forward the Aberdeen Western Peripheral Route project and the resources required to support this project.

Estimated impact on future demand for staff:

- increase in Project Manager-Hydrogen posts by April 2016 (externally funded);
- increase in Engineer-Flooding posts by April 2015;

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- ensuring that the various support services have the right skills mix and style of delivery to support the needs of the business, as identified through the Corporate Governance Business Plan and Improvement Plan developed in consultation with customers.

Estimated impact on future demand for staff:

- increase in Paralegal posts by April 2015;
- increase in Customer Service Adviser posts by April 2015;
- creation of fixed term Smarter Working Adviser post by April 2014.

NB Given that the new Director of Corporate Governance has only recently commenced duty, a more detailed analysis of future workforce requirements to executive business objectives will be undertaken in consultation with Heads of Service. The outcome of this will be reflected in service specific workforce and business plans and will feature in next year's update to this document.

Social Care & Wellbeing

Current issues include:

- reclaiming Social Work Review in Children's Services. This will result in a significant redesign of the Children's Services structure and jobs within it with considerable training and skills development implications. A 3 year implementation period is expected;

- increase in Technical Officer-Roads posts by April 2017 and a further increase by April 2018 (self-funded through income generation);
- increase in Roadworker posts by April 2016, further increase by April 2017 and again by April 2018 (self-funded through income generation);
- increase in Mechanic posts by April 2015;
- deletion of AWPR Assistant Managing Agent posts by April 2018;
- increase in Building Standards Officer posts by April 2015 (self-funded from fees);
- creation of two year fixed term post of City Development Manager (SIP) during year 2014/15;
- creation of Graduate Officer (Events) post during year 2014-2015;
- increase in posts in the Energy Management Unit by April 2015.

Corporate Governance

Current issues include:

- the impact on procurement services resulting from the various projects being undertaken across Directorates. This is likely to result in restructuring the service with the need for job redesign and development of new skills;
- increased collaboration with partner organisations with the potential to share services in the same way that procurement services are shared with Aberdeenshire Council. An example already identified is the possibility of sharing a joint insurance team with Aberdeenshire Council;

The overall expected impact on the staffing budget is that it will need to be increased to accommodate this review. There will be no capacity for staff reduction in this model although opportunities for savings elsewhere to fund this major review will be actively sought.

Office of Chief Executive

The strategic direction of the Office of Chief Executive is not expected to have an impact on the workforce either now or in the foreseeable future.

Section 3.6 explains how we develop our workforce and the generic workforce skills and competencies regarded as priority to meet future business needs. Our plan for addressing any skills gaps has been accounted for in **Appendix E Organisational Development Priorities**. Directorates will continue to address service/ job specific development needs through a variety of learning methods.

4.2 Future workforce supply and demand

The aggregation of service workforce plans gives some indication of the specific resourcing issues for the Council generally. This quantitative analysis requires to be extended and refined still further but complements the more comprehensive qualitative analysis of the Council's future workforce requirements contained within this plan.

It is clear, however, that the predicted budgetary shortfall during the course of the five year planning period will make it extremely challenging to maintain staffing at its current level and to arrest the downward trend in employee numbers highlighted by **Appendix A**.

- legislative agenda of Personalisation/ Self Directed Support which gives service users and their families considerably more choice over the type and level of care they require. While at an early stage, there have been increasing numbers of service users in Aberdeen who have chosen alternatives to local authority care options and indications are that this is likely to increase.

Estimated impact on future demand for staff:

Children's Services – during the next 3 years approximately, moving from a traditional service delivery model of Team Manager and individual Social Workers with individual caseloads to the establishment of social work units each comprising a Consultant Social Worker, Social Worker, Children's Worker, Clinician and Co-ordinator. This is expected to have the following impact on future demand for staffing.

- deletion of Practice Improvement Officer posts and Team Manager posts to finance new posts of Consultant Social Worker;
- potential small decrease in designated Social Worker posts to fund Consultant posts and Children's Worker posts;
- Family and Community Support Worker posts likely to be redesigned and some relocated to new units; possibly approximately 50% of Family Resource Worker posts relocated to new units;
- Family Aide posts to remain in contact centre with no new posts of this type being created.

A key benefit of the integrated budgetary business and workforce planning model is the opportunity to plan, consult and manage any required future reduction to the workforce.

The Council has been creative in mitigating the effects of resource shortfalls in the past and a similar degree of creativity will be required in the future (e.g. greater cross sector collaboration).

4.3 Critical jobs for which it is difficult to recruit and retain staff

In respect of the recruitment pressures we face, some vacancies are notably harder to fill than others, including:

- Engineering professionals;
- Accountants;
- Head Teachers;
- Some teaching posts, particularly at Principal level;
- Social Work Team Managers;
- Support Workers within both Children's and Adult Learning Disability Residential services;
- Trading Standards and Environmental Health Officers;
- Mechanical and Technical positions; and
- Electricians.

The reason behind these recruitment difficulties may include skills gaps at national or local level, insufficient quality of supply or the high cost of housing in the area. Recruitment and retention strategies are being developed to address these difficulties.

5.0 Expected impacts on the workforce

5.1 The need for new skills to meet organisational goals

As technology, legislative and service requirements change the nature of jobs, there is an increasing need to update and develop employees' skills and knowledge in order to raise levels of performance. Each Directorate has recognised this when determining their future workforce requirements to meet future business needs. This includes retraining employees where their skills may have become outdated. We need to constantly look at ways of improving the skills of our workforce so that they meet the needs and expectations of our customers and changing requirements of the Council. We therefore need to create a learning organisation and develop employees to their fullest potential.

To achieve this, we have identified a series of organisational development priorities for 2014-2015. These are shown at **Appendix E** with the main focus being on:

- supporting the Council's vision and delivering the priorities in the 5 year Business Plan;
- promoting positive performance management and embedding the agreed organisational behaviours; and
- increasing employee engagement.

The skills identified for meeting these goals include developing skills and confidence in:

- the increased use of technology in our day-to-day business;

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- strong **customer focus –** taking a customer focused approach which places customers at the heart of how we perform our jobs;
- high standards of **professionalism** – maintaining at all times the standards expected by the service and the organisation;
- demonstrating **respect** - for others and promoting equality through fairness and consistency of approach.

In addition to these core behaviours which apply to our entire workforce, there is a responsibility on all managers to:

- encourage **creativity** – promoting innovation in how we deliver services and meet customer expectations;
- effectively **engage** – creating a positive atmosphere which motivates people to perform at their best;
- be **future focused** – looking at the future of the organisation and its contribution to the city;
- provide strong **leadership** – offering clear direction to their teams and demonstrating organisational values at all times.

This requires us to nurture and develop our people and create an environment which encourages and promotes such behaviours and where all of our employees are ambassadors for the Council's reputation and brand. Both senior and middle managers will set an example of how to fulfil this role.

- managing performance, including embedding the new behaviours (see below);
- managing projects;
- facilitation;
- relationship management;
- negotiating and influencing;
- leading and managing change;
- financial management;
- commercial awareness; and
- creative thinking/ problem solving.

5.2 The need to focus on cultural fit (having the right behaviours/ attitude) rather than only on technical skills

While ensuring that our workforce has the right level of 'technical' skills to enable us to achieve our organisational goals, it is even more crucial that we employ people with the right motivational and cultural fit (i.e. in tune with the organisation's values) – particularly when promoting staff - as this will be an essential contributor to organisational success. This applies at the recruitment stage as well as to our existing workforce.

Our PR&D scheme sets out the core behaviours and attitudes we expect from our workforce when performing their jobs and requires managers to review employees' performance against those behaviours. These behaviours emphasise the need for:

- effective **communication** – communicating in a way which is clear, open, honest and constructive: sharing, listening and responding to information, options, ideas and instructions;

6.0 Our workforce of the future – 2020 vision

To be successful in the next decade, our workforce will need to demonstrate foresight in navigating a rapidly shifting landscape of business transformation and skill requirements. We will need to be constantly alert to the changing environment and changing expectations of our customers and adapt our workforce planning and development strategies to ensure alignment with future skill requirements and resourcing needs. To achieve this, we must have a clear vision of what type of organisation we need to become, the type of employee we will need within that organisation and how we will do business in the future.

6.1 What the organisation of the future will look like

We aspire to be an organisation that:

- both values and supports its staff who in turn are clear about what is expected of them and how they contribute to achieving organisational goals;

- has the skills and capacity to deliver a range of high quality services that meet the growing expectations of our customers;

- has high expectations that its managers will manage in an effective and flexible way, being able to quickly respond to change;

- has a 'high performance' culture supported by robust performance management systems and processes;

- is increasingly using new technology as an enabler to provide modern and efficient services to its customers, to perform their job roles and to support flexible working and more effective communication;

- effectively and productively engages with a wide range of stakeholders in the public and private sector;

- is widely regarded as an 'employer of choice', supporting, motivating and engaging its workforce through periods of significant change.

6.2 What the manager/ employee of the future will look like

In order to support such an organisation we will need managers and employees who:

- are able to demonstrate more than job knowledge and technical expertise by excelling at creative problem solving and different ways of thinking in order to find effective solutions. This requires employees to be less mired in 'busywork' to allow them the ability to think about future, long term possibilities;

- are able to meet unexpected situations with quick thinking and resourcefulness (increased agility);

- are able to evolve their skills to meet the demands of an increasingly technology-driven workplace;

- are able to use new technology to engage and persuade their audiences;

- are able to develop strategies for engaging and motivating a dispersed group of employees, if leading a virtual team;

- are resilient with a solution driven mind-set, coming up with solutions beyond those which are rule-based;

- are adaptable/flexible;

- have well-developed team working/ collaboration skills - more socially intelligent with the ability to assess the emotions of those around them and adapt their words, tone and gestures accordingly. This will be vital for building relationships of trust as they collaborate with larger groups of people in different settings;

- continually reassess the skills they need (as well as those of their team if they're a team leader) and quickly identify the right resources to develop and update these skills. This is where the real value of effective PR&D comes in and where HR&OD has a key role to play in supporting the workforce.

6.3 How employees will work/ do business

Employees of the future will increasingly be required to use mobile technologies to support flexible, new ways of working, including:

- smart phones, teleconferencing and video conferencing;

- accessing their office applications, files, emails, the intranet/ internet when working from home or remotely;

- online meeting facilities enabling remote meetings, allowing staff to share documents remotely and conduct video calls.

7.0 How we will achieve our vision - our strategic workforce priorities

7.1 Our strategic workforce priorities

A number of common themes have emerged from the Directorate and Corporate Business Plan and, taking cognisance of these, and with due regard to the financial landscape set out in the PBB document, the following Strategic Workforce Priorities are proposed for the period 2014-2015 to 2018-2019:

1. **Smarter integrated planning -** strengthening and making increasingly explicit the linkage between business, financial and workforce planning;

2. **Cultural transformation -** further embedding a culture of high performance across the authority;

3. **Improving employee engagement -** maximising the effectiveness of our employee engagement strategy – striving for positive industrial and employee relations;

4. **Smarter health, safety and wellbeing -** further encouraging a proactive health, safety and wellbeing culture;

5. **Smarter working and service delivery –** changing the way we work to better match the demands of our customers and the expectations of our workforce;

6. **Employer of choice -** ensuring that the Council's status as an 'employer of choice' is enhanced and that the principles and spirit of equal opportunities are evident in all aspects of the Council's employment processes;

7. **Smarter attendance management -** ensuring attendance management levels equate to upper quartile performance standards;

8. **Smarter recruitment and skills development for managers -** ensuring high level management performance across the Council through robust selection processes and tailored development programmes.

To achieve the Council's vision and priorities, it is vital that our workforce is more diverse, flexible, skilled, engaged and motivated than ever before. We need to build on the strategies that we've already put in place to align our workforce requirements directly to the Council's, and each Directorate's, strategic Business Plans, thereby enabling us to identify and address the gaps between the workforce we have today and the human resourcing needs of tomorrow.

These priorities will drive our workforce planning by allowing us to focus on the medium and long term but at the same time provide a framework for dealing with immediate challenges in a consistent way.

There is little doubt that success in delivering on these priorities will go a significant way to ensuring that the Council fulfils its aspiration to have a 'flexible, skilled and motivated workforce'.

Our previous workforce plan set out how we will achieve our vision which in effect is our action plan for delivering and achieving our workforce planning outcomes. These objectives and actions continue to be valid and we have now aligned these to our strategic workforce priorities.

Appendix F provides detail as to how we propose to plan and manage our workforce in relation to our eight strategic workforce priorities.

7.2 How we monitor and measure success

Recognising that successful workforce planning is an active, ongoing and dynamic process, the HR&OD service has put in place internal arrangements for monitoring and measuring the extent to which we have achieved, or are making progress towards, the planned outcomes for the workforce and the organisation. Each priority is referred to as a 'workforce stream' to which a 'stream leader' has been assigned in order to monitor and evaluate progress and success. This helps us to assess what is working and what is not, make adjustments to plans and strategies and address in a timely way new workforce and organisational issues which might have arisen.

For example, in our previous plan, one of our workforce priorities was to manage required changes to the workforce in a structured, planned and fully consulted basis. However, on reflection, the need to do this underpins all actions affecting our workforce so should not be seen as a separate action,

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important as it is. Instead, the need for Smarter Working and Service Delivery merits inclusion in our workforce priorities and our action plan for achieving that objective is included below.

Recognising the importance and value of regularly reviewing our workforce plan, **Appendix A** also includes an evaluation of success to date under each priority. This takes into account the extent to which we have delivered the expected outcomes and how we have achieved or made progress towards the planned outcomes for the workforce and the organisation

To help us monitor and evaluate outcomes over the next year, we will be developing performance measure indicators against each of the eight strategic workforce priorities and will report on progress made after six months of this latest workforce plan being implemented, then again within next year's workforce plan.

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How we will achieve our vision – our action plan and evaluation of success so far

STRATEGY	ACTIVITIES
1. Smarter Integrated Planning	- strengthening and making increasingly explicit the linkage between business, financial and workforce planning.

Evaluation of success:

For the first time last year a Strategic Workforce Plan was produced as part of the Council's budget setting process. The production of this updated Strategic Workforce Plan demonstrates that workforce planning is now a key component of our integrated planning framework which brings together business, financial and workforce planning.

The link is even stronger now that the Directorate specific workforce plans are derived from the key workforce issues identified in their business plans. Directorates are estimating the impact of business/ changes over the coming years and are matching their workforce requirements against the direction of the organisation. They are are anticipating the impact on their workforce based on the Council's financial forecast.

2. Cultural Transformation	- by promoting a culture and leadership style that reflects organisational values; the behaviours set out in the PR&D scheme set the culture of the organisation;
	- by ensuring that a high performance culture is embedded within the organisation and that it delivers ongoing improvements in quality and efficiency;
	- by continuing to identify the characteristics of a high performance culture through workforce engagement and beginning to promote this across the organisation;
	- by empowering employees to take direct responsibility for responding to the needs of customers quickly and effectively without unnecessary bureaucracy

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getting in the way;

- by ensuring that the culture changes required for increased use of new technology (e.g. e-forms, YourHR) are embedded in the organisation;

- by ensuring that the organisation's structures are designed to cope with the changes needed;

- by introducing new systems and technology to enable transformation and smarter performance;

- by providing managers with workforce planning tools that support them more practically in their workforce planning which in turn will allow for iteratively more sophisticated conclusions and subsequent action planning.

Evaluation of success:

- **characteristics of a culture of high performance have been identified through workforce engagement e.g. drop ins, online survey, discussion at workshops etc;**
- **improvements have been made to PR&D following engagement with workforce;**
- **a new programme has been launched to support PR&D, to further embed behaviours and manage outcomes;**
- **Smarter Working is being introduced through which ways of working will become more efficient and outcomes based;**
- **core and management behaviours are being widely promoted through initiatives such as the 'Heads Up' Campaign;**
- **new learning/ refreshers of key tools and techniques are being provided to improve individual performance; and**
- **benchmarking is being used to assess and evaluate performance (adapting practices in high performing organisations to meet the needs of our organisation).**

Future actions over the next 12 months include:

- **expand existing toolkit for managers and provide useful tools to measure the extent to which behaviours have been embedded and what high performance looks like, so that any 'gaps' can be identified and closed;**
- **further enhance people's understanding of and improve their motivation at work through autonomy, mastery and purpose; and**
- **introduce performance measures to measure progress and success.**

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3. Improving Employee Engagement

- by responding to the outcomes of the 2012 employee opinion survey, developing and implementing action plans which ensure we continually improve our outcomes in future surveys;

- by involving employees as far as is possible in decisions which affect them, following the pattern adopted when developing the PR&D scheme;

- by using the PR&D scheme, among other tools, to recognise and reward high performance and to share good practice;

- by providing a comprehensive development programme which encourages employees to develop their potential;

- by recruiting and developing managers who match our core and management behaviours, particularly in the areas of 'communication' and 'engagement';

- by continuing to support the Communication and Engagement Manager in implementing the Communication and Engagement Strategy – including the further development of Employee Voice and the introduction of the Council's Star Awards recognising the outstanding contribution of employees;

- by embedding 'engagement' as part of the culture and of daily management practice.

Evaluation of success:

The 2012 Employee Opinion Survey gave a baseline for measuring the effectiveness of employee engagement. The next such survey in 2014 will give a concrete measurement of improvements. In the interim, more immediate results should be seen by considering the rate of attrition, absence rates, productivity and efficiency and numbers of applications for posts.

Based on the outcomes of the employee survey, much work has been carried out over the last 12 months to improve employee engagement including:

- recognising achievement through the STAR awards;
- inviting employee opinions and feedback through developing Employee Voice;
- introducing 'Back to the Floor' days to increase managers' visibility;
- promoting our organisational behaviours through lunch time talks, campaigns and toolkits for teams;
- a variety of social and fundraising events;

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- promoting flexible working through our Smarter Working Framework - this includes engaging people in changes to their work styles and work practices;
- developing career progression schemes and training and supported career development for employees (including ICT training for non-PC literate employees);
- holding a successful Equalities Open Day;
- introducing 'engagement' as a key management behaviour and therefore a key measure of a manager's performance;
- involving employees, through both a leadership and management development survey, in identifying what traits they want see in their managers and their development needs; and
- continued engagement with NE public sector partners in joint development initiatives such as mentoring.

Future actions over the next 12 months include:

- more 'Back to the Floor' days for senior management;
- recognising achievement ceremonies within service;
- Chief Executive surgeries;
- rolling 18 month plan for 'Heads Up' campaign to promote our behaviours;
- design of manager training on trust and engagement;
- creation of a plan for rolling out 'Engaging Job Design' skills;
- continual revision of Employee Benefits programme;
- potential changes to the rewards for 'exceeding' category in PR&D;
- drop-in sessions for the eight strategic workforce priorities to gather employee ideas and feedback; and
- development of 360 PR&D for managers allowing employees to feedback on their manager's performance.

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4. Smarter Health, Safety and Wellbeing

- by ensuring that visible leadership and commitment promotes, sets and enforces a positive health and safety culture within the organisation;

- by maintaining and continually improving the organisation's proactive health and safety management system;

- by refreshing and implementing the health, safety and wellbeing strategy and corporate health and safety action plan;

- by adopting an integrated holistic approach to occupational health, safety and wellbeing;

- by further developing programmes of fire risk assessments, audits and workplace inspections to identify areas of good practice and areas for improvement;

- by co-ordinating HSE intervention and providing professional support to services with specific focus on management of contractors, asbestos and legionella;

- by continued focus on maximising attendance and employee wellbeing with interventions on both short and long term absence while retaining and maintaining employees at work. Linkages to maximising attendance will be expanded in partnership working with occupational health and employee assistance providers;

- by more employee engagement and effectively tailoring health, safety and wellbeing training programmes to the needs of the organisation. Focus on behavioural safety to assist in reducing unsafe behaviours in the workplace;

- by continuing to deliver proactive health and wellbeing related events and opportunities for employees via the Health, Safety and Wellbeing team in conjunction with the Employee Good Health group;

- by promoting a continued combined proactive and reactive approach to ensure maximum impact in supporting and further enhancing health and safety performance and resource benefits.

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Evaluation of success:

- use of benchmarking to identify approaches and practices to further improve the organisation's health, safety and wellbeing performance; observing and exchanging information to determine differences and value in adapting to meet the needs of the organisation;
- enhanced existing suite of wellbeing training (Personal Wellbeing, Managers Managing Stress, Mental Health Awareness) to include Personal Resilience and Resilience for Managers receiving positive feedback;
- awarded RoSPA Mental Health Commendation Award to recognise employees' commitment to developing, establishing and maintaining a mentally healthy workplace;
- awarded ROSPA Gold Medal (five consecutive years) to recognise the organisation's commitment, maintenance and continuous improvement of our proactive health and safety management system;
- employee engagement in health and wellbeing initiatives such as stair climbing campaign, free Techno Gym access, Ping Pong pilot, alternative therapy free taster sessions and free employee health checks across 10 locations within the organisation;
- improved management reporting and investigation through the introduction of a streamlined Electronic Reporting System for Incident/ Near Miss and Accident/ Injury;

Future actions over the next 12 months include:

- reviewing PR&D core behaviours against the HSE Management Standards management behaviours to prevent and reduce stress in the workplace;
- development of qualitative health and safety awards;
- further enhance the health, safety and wellbeing management system via ongoing review of policy and procedures in line with legislation;
- reviewing of Workplace Inspections in conjunction with the Heath, Safety and Wellbeing team's audit question sets to reflect the needs of the organisation;
- introduction of new health, safety and wellbeing face to face and online modules to cover such areas as Behavioural Safety, Management of Contractors and expansion of awareness/ toolbox talks;
- ensuring a holistic approach to the health, safety and wellbeing request to Directorates to link their Health and Safety planning, delivering and collation of evidence to achieve the Healthy Working Lives' (HWL) Silver Award;
- focus on employee accountability for their health and safety responsibilities. Implementation of suitable consequences to be placed on all Council employees for non health and safety compliance.

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5. Smarter Working and Service Delivery

- by ensuring that comprehensive HR guidance on the Smarter Working options is available to all our employees;

- by promoting the benefits of Smarter Working across the Council;

- by researching Smarter Working options and updating HR guidance to include innovative ideas;

- by assisting managers to introduce Smarter Working in their service area;

- by working together with colleagues from other services to develop Smarter Working so that the full benefits to both the organisation and to employees can be realised;

- by fully implementing the provisions of 'YourHR'.

Evaluation of success:

- new HR guidance has been developed and made available to managers and employees in a clear and user friendly format;
- Smarter Working Conferences have been held to introduce managers to different aspects of Smarter Working, including the HR implications and opportunities.

Future actions over the next 12 months include:

- additional conference opportunities for managers to learn more about Smarter Working;
- continued development of training for managers on the practical skills needed to operate in a Smarter Working environment;
- individual meetings with managers to promote the benefits of Smarter Working and help them with the practical implications of introducing more flexible working patterns and systems;
- continued development of HR guidance to reflect new developments in Smarter Working;
- appointment of a fixed term 'Smarter Working' post within HR&OD.

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6. Employer of Choice

- by improving our understanding of our 'employer of choice approach';

- by increasing use of digital recruitment strategies to build a relationship with potential staff and convey the benefits of working for the organisation. This includes using bespoke social media campaigns and creative messaging to promote the organisation in both general and specific roles;

- by investing in our image as an employer of choice by strengthening the organisation's brand and reputation through conveying and promoting our values and achievements via a range of media sources;

- by continuing to explore the creative development of career pathways, including apprenticeships and other trainee schemes;

- by introducing a new recruitment framework, referred to as talent resourcing, which is designed to attract new talent into the organisation, particularly at a graduate and school leaver level. This includes the following elements:

  - **adopt an intern (graduate internship)** – a graduate level paid internship giving graduates the opportunity to gain work experience in their relevant field of interest;

  - **corporate parenting internships** – typically an entry level paid internship for children in the care of Aberdeen City Council;

  - **modern apprenticeships** – aimed at school leavers and providing paid work experience and development, often in business areas such as ICT and finance;

  - **graduate recruitment scheme** – a structured scheme to develop university graduates with potential into future managers and leaders of the organisation;

- by focussing on non-financial benefits when looking to attract staff, particularly where it has proved difficult to market certain jobs. This involves stressing our values and building recruitment strategies around the intrinsic rewards of public service (e.g. promoting flexible working);

- by re-evaluating the skill set needed when replacing staff who leave thereby ensuring that we secure the skills we need

- by continuing to ensure our pay and reward systems are equal pay compliant

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- by undertaking and reporting an annual equal pay audit which will identify any areas for concern and action planning solutions;

- by ensuring the Council is promoted to a diverse range of individuals and by being proactive in increasing employability and equality of opportunity;

- by ensuring our system of pay reflects and supports the shift towards a performance culture; this includes pay increments being made when individual performance has been satisfactory and being withheld where individual performance is unsatisfactory; in addition developing measures to recognise exceptional performance identified through the PR&D scheme;

- by continuing to auto-enrol new employees who are eligible for membership of the local government superannuation scheme and ensuring we meet our future responsibilities regarding re-enrolment, thereby assisting and supporting the workforce to make sufficient pension provision for when they retire;

- by developing and giving access to annual total reward pay statements for all employees in accordance with our migration to technology based systems to process pay and benefits. This will report the total value of an employee's employment package and highlight the value of the many non-salary based benefits (e.g. employer pension contributions, value of holidays etc);

- by further developing our employee benefits scheme; this currently comprises seven salary sacrifice schemes (childcare vouchers, green car leasing, annual leave purchase, cycle to work, professional fees, workplace training and carbon offsetting) in addition to a huge array of other offers and discounts; as well as being an employee engagement, attraction and retention tool, the salary sacrifice schemes generate financial savings for the Council and ensure that the benefits are delivered on a 'cost neutral' basis; we will continue to extend this package and market the provision extensively to promote take-up.

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Evaluation of success:

- **social media channels are being used to advertise Council vacancies and engage with job applicants;**
- **a Talent Resourcing Framework has been agreed at CMT to look at developing graduate recruitment, internships and modern apprenticeships within the Council in order to attract fresh talent into the organisation;**

- **Smarter Working Frameworks have been introduced to enable a variety of forms of flexible working arrangements within the Council;**
- **we are continuing to meet our General Equality Duty and specific outcomes through the work of equalities groups within HR&OD; in particular, an equalities fair was held within the Council to promote equality and diversity within the organisation;**
- **we have established and maintained close relationships with schools, universities and Jobcentre Plus in order to address employability through partnership working and to promote the Council at careers days and recruitment fairs as an employer of choice;**
- **auto-enrolment was successfully implemented for all eligible employees at the Council's 'staging date' of 1 April 2013 thereby assisting and supporting the workforce to make sufficient pension provision for when they retire.**

Future actions over the next 12 months include:

- **further developing the Talent Resourcing Framework;**
- **continuing to promote the organisation through careers events and recruitment fairs;**
- **improving the quality of job/ career related pages on the Council's website and national recruitment portal to ensure they reflect our organisational vision and values;**
- **developing improved opportunities for work and student placement;**
- **improving our employee benefits.**

7. Smarter Attendance Management

- by providing managers with robust absence management tools in order to report and track absences more efficiently;

- by providing managers with more discretion about how they manage absences in their team;

- by providing additional, early support to employees thereby enabling an earlier intervention to support their rehabilitation and return to work;

- by exploring alternative, creative solutions to encourage and promote higher levels of attendance;

- by improving absence management information and data analysis to identify trends which can be addressed;

- by benchmarking our absence rates and costs against other Scottish Councils;

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- by improving our existing provision of occupational health services;
- by offering health promotion and advice to encourage employees to look after their physical and psychological wellbeing;
- by improving measures to rehabilitate employees on long term absence.

Evaluation of success:

- **absence reporting improved through the introduction of a new online absence reporting tool in YourHR; this is currently being rolled out across all Directorates;**
- **proposed improvements to Maximising Attendance Policy (at consultation stage – new policy expected early 2014);**
- **improved trend analysis to help managers manage absence more effectively;**
- **triage reporting pilot developed for the first day of absence; target areas with higher absence have been identified and the pilot will be established once the YourHR maximising attendance module has been implemented within those areas;**
- **temporary redeployment policy for employees who are currently unfit to undertake the duties of their role is in the process of being developed.**

8. Smarter Recruitment and Skills Development for Managers

- by ensuring we employ people who are able to display the right behaviours, with the right motivational and cultural fit, as well as having the right 'technical' skills;
- by ensuring we promote the right people – those who demonstrate and model the right behaviours (effective at engaging and empowering staff) , rather than just being technically competent;
- by developing smarter recruitment and retention strategies to address current and future hotspots;
- by continuing to invest in the development of people to enhance their skills, and performance and help them meet the changing organisational requirements;
- by further embedding the new manager/ employee behaviours in the

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organisation through our PR&D scheme;

- by ensuring that personal development plans resulting from the annual performance review meeting;

- by reflecting organisational needs as well as individual needs; in a time of constant change, our workforce needs to feel that their skills and opportunities are growing and be clear about how they can develop their careers in the organisation;

- by continuing to offer a powerful leadership development programme for managers;

- by actively planning for succession, by using the PR&D scheme to identify our managers and leaders of the future and ensure that they are ready and capable for the change in demands of higher level posts when they become available;

- by designing and delivering modern apprenticeships;

- by providing support for employees in planning and managing their careers; this is an important feature of the PR&D scheme;

- by continuing to work jointly with partners through strategic partnerships, thereby enabling us to share information and expertise and to plan jointly;

- by offering staff a range of inhouse programmes and learning opportunities based on the learning and development priorities identified by Directorates; this includes an increasing range of e-learning materials;

- by developing our 'growing our own' initiatives as a means of addressing recruitment and retention problems;

- by creating better business support services so that employees know who to go to for help; for example, by developing Sharepoint which enables employees to list their areas of skills, knowledge and expertise on our intranet to allow for informal mentoring, coaching and sharing of good practice.

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Evaluation of success:

- new managers' induction programme designed to ensure that new (and recently promoted managers) are clear about their responsibilities in setting the culture that is required to take the organisation forward;
- enabling improved talent management and succession planning through workshops designed to develop the next generation of senior leaders (e.g. Aspiring to be a Corporate Director/ Head of Service) and mentoring programmes in collaboration with partner organisations;
- new workshops designed to improve how we communicate and engage with our colleagues and customers; harness our creative thinking; make smarter recruitment selection decisions (based on 'cultural fit'); and achieving the right balance between task and people focus;
- 18 month programme developed in consultation with managers that meets the future needs of the organisation; this is aimed at all levels of employee and focuses on behavioural as well as technical skills;
- improved supervisory skills training;
- organisational behaviours modelled and promoted by senior management (through our 'Heads Up! Campaign');
- additional assessment tools, such as psychometric testing and group exercises, used to appoint first and second tier senior managers.

Future actions over the next 12 months include:

- new middle managers' programme developed to assist with succession planning and talent management;
- a range of development options offered to suit different learning styles and preferences;
- bespoke team sessions developed to support team and business improvements;
- performance measures being introduced to measure progress and success (e.g. using PR&D outcomes, results of 360 feedback, Employee Opinion Survey, Directorate business plans being successfully delivered).

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Staffing Numbers – Trend Analysis (1996–2013)

ACC Staff Watch Yearly Averages 1996 - 2013

FTE / Headcount

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Avg Headcount	9812	10904	11393	11762	11832	11332	11147	11638	11693	11692	11625	11639	11523	10043	9154	8844	8731	8475
Avg FTE	8260	8463	8536	8712	8972	8130	8143	8590	8735	8558	8538	8586	8488	7810	7309	7166	7037	6864

Year

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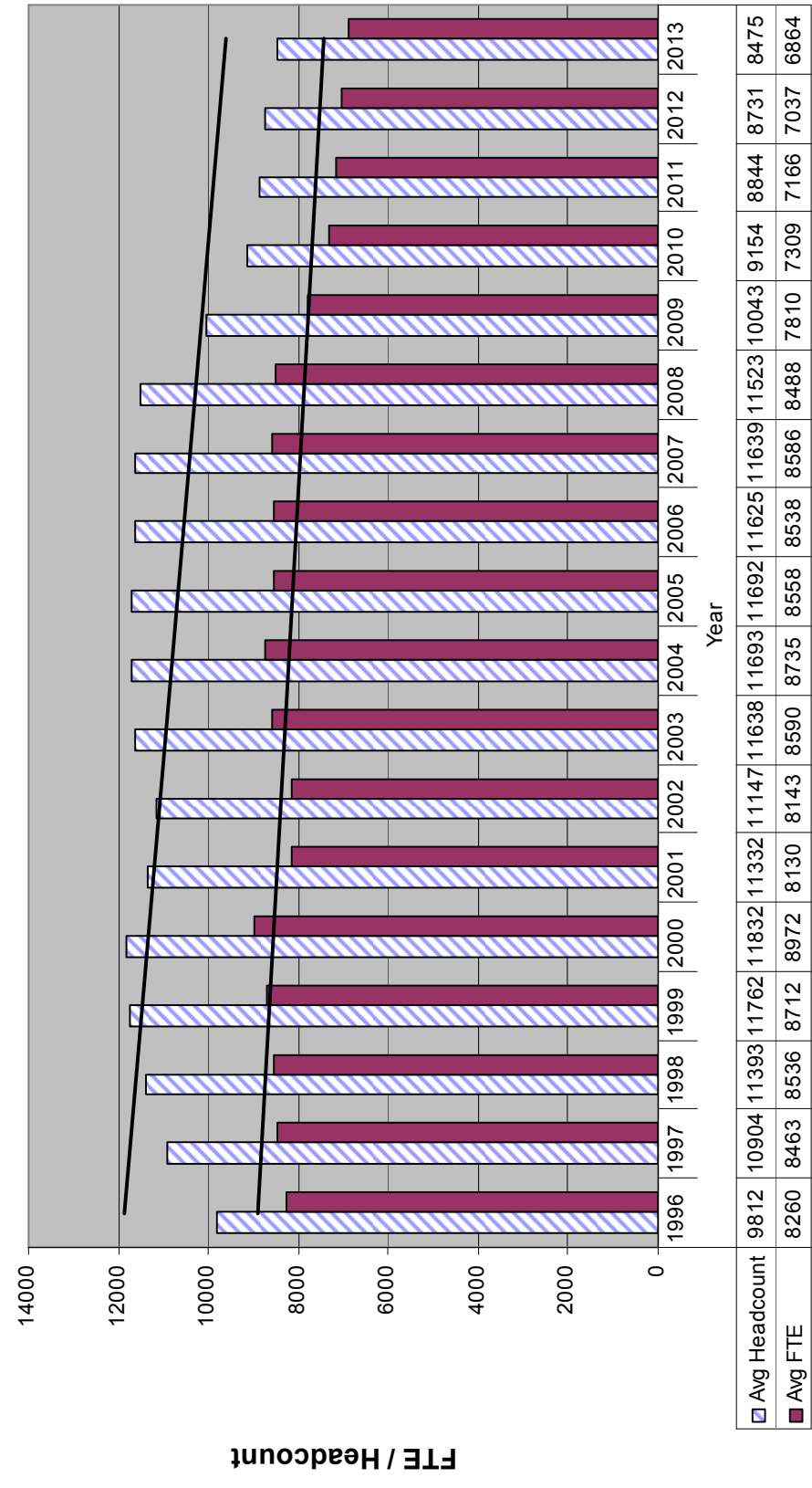
Workforce Age Profile (as at November 2013)

All ACC- No of Employees by Age Nov 13

Appendix D
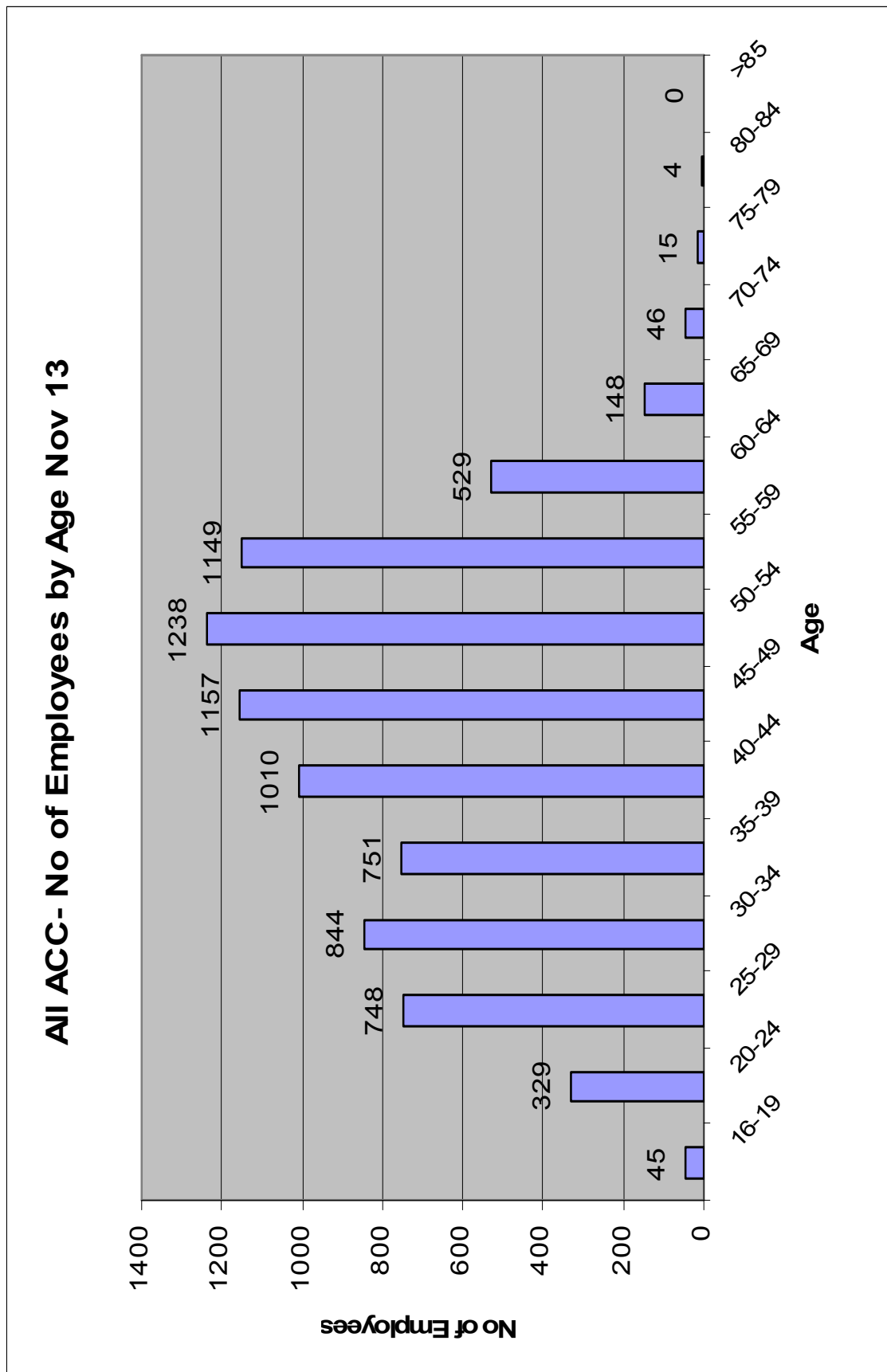
Average sickness days per employee (Oct 2011 to Oct 2013)

All ACC - Days Absent Per Employee 2011/13

Days Absent

Month

Month	Days Absent
Oct-11	11.99
Nov-11	11.91
Dec-11	11.81
Jan-12	11.51
Feb-12	11.56
Mar-12	11.56
Apr-12	11.67
May-12	11.61
Jun-12	11.6
Jul-12	11.67
Aug-12	11.58
Sep-12	11.55
Oct-12	11.57
Nov-12	11.56
Dec-12	11.68
Jan-13	11.78
Feb-13	11.96
Mar-13	12.05
Apr-13	12.2
May-13	12.2
Jun-13	12.3
Jul-13	12.3
Aug-13	11.7
Sep-13	11.5
Oct-13	11.5

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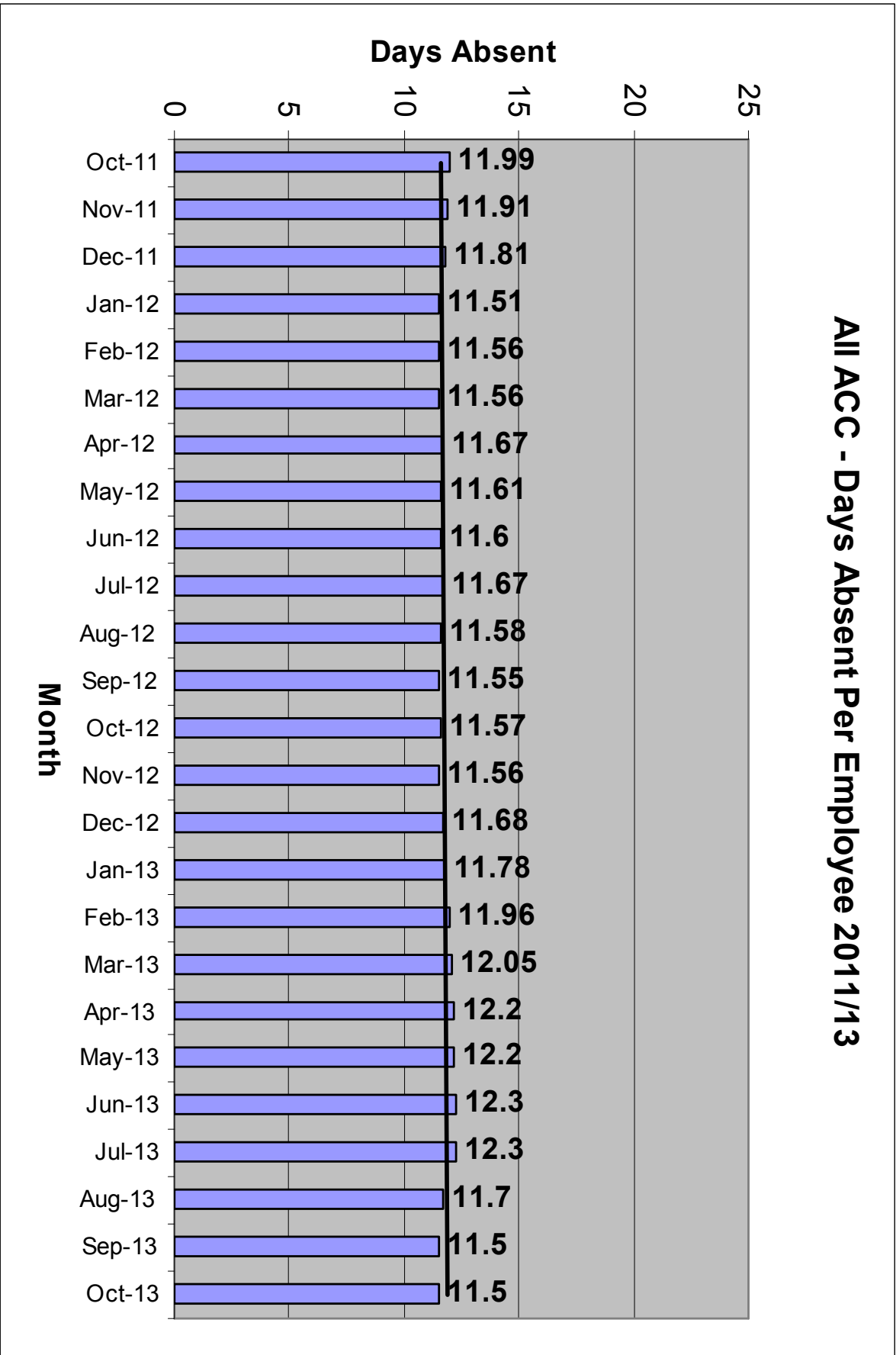
Organisational Development Priorities

1   Background

As the Council enters the 4th year of its 5 year Business Plan, our priority will continue to be to support the delivery of this plan. Overall the proposed development priorities for 2014-2015 remain consistent with those identified in 2013-2014, albeit certain aspects have evolved in line with current council direction and context. Key elements of this context which will inform future priorities include:

- the current period of financial stability which allows opportunity to plan ahead to mitigate the impact of the significant financial challenges anticipated in 2-3 years' time;
- the recently approved Strategic Infrastructure Plan with its ambitious vision for Aberdeen and its focus on outcomes for the city as a whole;
- the integration agenda for health and social care which will require greater collaboration and partnership working;
- the continuing emphasis on making best use of technology in order to support the Smarter Aberdeen agenda and the increasing automation of administrative and management functions;
- the further embedding of PR&D and its positioning at the heart of how we manage people and performance;
- the need to be seen as an employer of choice within the context of an ageing workforce and a competitive local labour market; and
- the introduction of Smarter Working with its implications for changing work styles and work practices.

These are big ticket issues which will require:

- transformational change in the way we deliver our services;
- increased innovation and managed risk;
- a greater focus on forward planning and managing by outcomes; and
- an engaged, committed and high performing workforce.

2   Approach

With this in mind development going forward will focus on the following strategic workforce priorities:

- further embedding a high performance culture across the organisation;
- ensuring high level management performance across the Council through robust selection processes and tailored development programmes; and

- maximising employee engagement.

What follows is not intended to be an exhaustive list of all development provided but rather an outline of where the key emphasis in each of the above areas will be over the coming period. In addition to the priorities identified we will continue to address development needs arising from service workforce plans and individual PR&D outcomes.

The proposed development priorities are based on:

- the council's current context as outlined above;
- the outcomes of the recent visioning exercise by Extended CMT;
- service feedback gathered through HR Business Partners;
- consultation with senior managers on their own development needs; and
- consultation with managers/ employees on the qualities required in leaders and the perceived development needs for middle and first line managers.

Feedback from all these sources emphasises the need to provide development which is time and cost effective and which takes account of different learning styles. The focus will therefore be on ensuring a variety of approaches are offered ranging from workshops, byte size sessions, hot topics and master classes to project work, coaching, mentoring, job shadowing, action learning sets and collaborative development with both the public and private sector. While we will continue to commission external providers where appropriate, where possible we will seek to make use of internal expertise, including at ECMT level, in order to share expertise and return the investment made in their own development.

3   Further embedding a high performance culture across the organisation

3.1   Performance Review and Development (PR&D)

In order to achieve our organisational goals we need a focus on outcomes and on performance. PR&D underpins this by providing an ongoing mechanism for clarifying what is expected of each employee, recognising good performance, dealing with underperformance at an early stage and promoting the behaviours which will drive the Council forward. In addition it sets the foundations for a cohesive performance management framework by linking directly to recruitment, induction, development, managing underperformance and talent management.

The use of the online PR&D reporting tool means we also now have a more effective means of forward planning which, for the first time:

- provides managers with an overall picture of performance across their service – allowing them to more readily identify high performers, employees with potential and areas of under-performance which need to be addressed;

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- collates development needs providing a more structured tool for planning to meet service and corporate development needs.

PR&D is now entering its second year. A full review of the scheme was undertaken in June 2013 involving feedback from employees across the organisation. The process has also received a positive report from Price Waterhouse Cooper (PWC) highlighting areas of good, and even excellent, practice. Any minor areas of weakness noted by PWC are being addressed.

The main recommendation arising from the PR&D review was that no major changes should be made to the process at this stage but that the coming period should be used to ensure everyone fully understands and is comfortable with the process and the technology.

Development priorities within this area will therefore include:

- **process training** - we will continue to support managers in the use of the PR&D process and YourHR – including support for 360 (once available);

- **skills training** – two new workshops have been developed to support PR&D, **Performance Matters** looks specifically at managing and motivating good performance, empowerment and outcomes focus; **Smarter Conversations** covers the more general skills of ongoing effective communication – both of these will continue to be offered throughout the year.

Latest developments on YourHR include a tool allowing employees to build a bank of examples and evidence of performance over the PR&D year and a 360 tool for reviewing the performance of managers which will be available from January 2014.

3.2   Embedding the organisational behaviours

The organisational behaviours have now been in place for over a year. However, there is still a need to further embed these, to provide development to support them and to ensure our managers are creating an environment which encourages and promotes them. Actions in this respect have been taken in the following areas:

- **visible reminders** of the behaviours, such as lanyards and posters in establishments and meeting rooms, are in place;

- **addressing gaps** - a number of development activities have been – or are in the process of being - designed to support the organisational behaviours where gaps in provision had been identified; these include:

  o **workshops** - e.g. excellence in customer service **(customer focus)**; financial management, stakeholder mapping, commercial awareness **(future focus)**; harnessing creativity **(creative thinking)**; effective business writing **(communication)**; engaging teams **(engagement)**;

  o **pitstops** - we are also introducing a series of byte size sessions to refresh staff on techniques such as the McCarthy Model of communication, task oriented thinking, working with change, effective feedback, setting well-formed outcomes etc;

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○ **supporting innovation** – the level of transformation required to continue to deliver high quality services in the face of diminishing finances will require increased innovation and creativity at all levels in the organisation; through PR&D managers are tasked with creating a climate where ideas are welcomed and evaluated; this will be measurable through 360; at the same time we will ensure a range of interventions are available to develop skills in this area including workshops, toolkits and hot topics; while at the same time ensuring there are additional means for employees to contribute suggestions through, for example, Employee Voice;

○ **supporting other work streams** – we will also provide support as necessary to priority work being undertaken by other services in areas such as customer service standards **(customer focus)**, procurement competence and practice, risk management and collaborative working **(future focus)**;

- **a toolkit** is now available for managers to use to discuss the behaviours with their teams and agree what these mean within their own work context;

- **'Heads Up!' campaign** will run over the next 18-24 months; this involves Heads of Service taking turns to promote the behaviours through a range of activities including interviews, debates with employees, back to the floor days, hot topic seminars etc.

The introduction of 360° feedback will allow us to measure how well our managers are meeting the behaviours and, therefore, where the focus for future development should be. As part of the 2014 review of PR&D we can then explore the option of developing a set of strategic indicators for senior managers to distinguish between responsibilities at different levels and to assist with succession planning.

3.3 Improving technical skills

Achieving the efficiencies required to make future savings is dependent to a large extent on initiatives such as:

- **Smarter Working** – rationalising office space and introducing new work styles and work practices;
- **YourHR** – and the increasing automation of admin and management functions;
- **self-service** – the increased use of self service for both customers and employees.

These all involve greater use of technology which, in turn, depends on employees being confident and competent in this area. Actions in this respect include:

- **Getting Started** – this modular programme for beginners to ICT was introduced in 2013 and has proven very popular with employees - at its most basic it provides the skills to access their online payslips, more generally it assists them to be more pc literate in both their work and home lives;

- **Microsoft Office 10 programme** – byte size sessions are available to upskill people on more efficient use of Word, Excel, Powerpoint, Project and Outlook;

- **Lync, Sharepoint and mobile device training** – will be developed and made available in line with the Smarter Working roll out.

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3.4 Supporting Smarter Working

In addition to the technical skills required to support Smarter Working, the increased variety of work patterns and work styles which it brings requires a major culture shift for many employees and managers. In this respect we will be rolling out a series of focused workshops to support teams within the scope of the project. At the same time we will be offering eLearning and face to face workshops to raise awareness of Smarter Working more generally and to assist managers to develop the skills to manage by outputs and to manage remotely.

3.5 Ensuring high level management performance - through robust selection processes and tailored development programmes

The quality of our leadership and management is key to creating and maintaining a high performance culture and the correlation between this and employee engagement has been well documented.

While Momentum training, which promotes a task-oriented yet people focused approach, will continue to be the main plank of our management development we are now entering the final year of this contract and it seems timely to review how we develop our managers.

In order to encourage a fair and consistent approach to how people are managed across the council PR&D introduced standard behaviours for managers. Taking this a step further a number of consultation exercises have recently been carried out with both managers and employees on the qualities they see as important in our managers and what they see as the main development required at senior, middle and first line manager levels.

The outcomes of this focused less on traditional management skills – such as financial planning and project management - and overwhelmingly on behavioural aspects. Specifically highlighted were the need for authentic and inspiring leadership, trust, increased self-awareness, engagement, empowerment and the responsibility of managers to support and motivate others and to develop potential and future leaders.

Encouragingly this is entirely consistent with current management research and so would indicate that, in terms of the direction we are proposing for future development, we are 'pushing at an open door'. It is also in keeping with the direction the organisation is moving to in terms of:

- Smarter Working with the need to manage differently to incorporate an increasing variety of work patterns;
- PR&D with its focus on outputs and higher performance; and
- the transformation of service delivery with the need to encourage creativity and managed risk at all levels in the organisation.

We are therefore proposing to design a structured approach to developing our managers (see diagram) which introduces these core skills at first line manager/ supervisor level, builds on these at middle manager level and further builds at senior manager level. Additional elements, such as

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strategy, commercial awareness and workforce planning, would be built in at the appropriate level, based on the development priorities already identified by ECMT. At the same time the programme would include 'stepping stones' for those identified through ongoing PR&D as having the potential and desire to develop further. This is likely to involve elements such as 360, psychometrics and development centres to assist with this development and to aid succession planning and improve retention.

Employees

Front Line Managers / Supervisors

Middle Managers

Senior Managers

Professionals, specialists, project managers

Elected Members
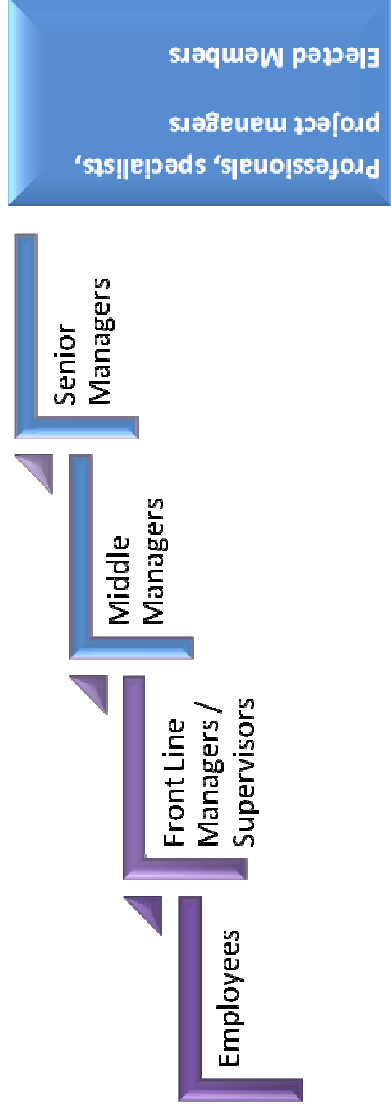
Performance Review and Development

At the same time practical management skills, such as financial planning and project management, clearly remain important and development in these areas will continue to be provided.

The proposed programme should help identify and develop those with the potential to be leaders of the future, at the same time we will continue to support the rigorous recruitment of managers for cultural fit as well as technical skills through assessment centres and other robust processes.

Another important element of our leadership is, of course, our Elected Members and a full development programme for Members for the period 2014-2015 is planned. This programme comprises a number of dedicated development days throughout the year based on local and national priorities. Our work with Elected Members also includes the roll out of the Improvement Service's CPD Framework for Members, assistance with personal development planning and a quarterly development newsletter.

5   Maximising Employee Engagement

Engaged employees understand and share their organisation's goals, are confident in their capabilities, trust their leaders and, in turn, feel trusted by them. The importance of engagement to the council has been recognised by the fact that it is one of our core behaviours for managers. The introduction of 360 will provide us with a clearer picture year on year of how effectively our employees feel their managers are demonstrating this. A major element of our manager training must therefore lie in ensuring managers understand what engagement is, why it matters and how to engage their staff. This will form a core part of our management development programme while at the same time we are developing a toolkit on trust which managers can use with their own teams.

Beyond management other factors which contribute to engagement include:

- availability of training, development and career progression – the ability under PR&D to identify potential and high performance should assist with retention and succession planning. In addition the proposed model for management development should provide clearer opportunities for career progression;

- ensuring employees are appropriately informed, consulted, given relevant opportunities to participate both as employees and as service users, have opportunities to celebrate successes and learn lessons from both positive and negative experiences and have their health and wellbeing taken into account by their employer – in this respect we will continue to work with the People Dimension Group in supporting the Communication and Engagement Strategy through a range of activities including:

    ○ involving employees in the future review of PR&D and in the planning of future development;
    ○ supporting future Heads Up! Campaigns and ensuring opportunity for wide involvement of all employees in this;
    ○ assisting with the STAR awards as part of embedding the organisational behaviours;
    ○ promoting health and wellbeing through the Employee Good Health Group and workshops such as 'Personal Wellbeing' and 'Personal Resilience';
    ○ developing skills and tools to support cross-service, and potentially mult-agency, action learning sets in order to promote collaboration and break down silos;
    ○ promoting the Council as an employer of choice, through a range of means; and
    ○ providing opportunities for employees to stretch their capabilities through leadership of projects, employee forums, taking on mentoring/ coaching/ champion roles and, in the longer term, exploring the potential of Sharepoint to identify internal expertise which can be tapped into.

At the same time there is a need to measure the impact of these and other initiatives on levels of engagement. While the formal method for this is likely to remain the biennial Employee Opinion Survey this simply provides a snapshot at that moment in time and does not take account of the

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impact on engagement of actions taken by the council on an ongoing basis. We will therefore seek to develop tools by which more frequent temperature checks can be taken allowing appropriate intervention to be undertaken on a timely basis where any issues are identified.

6 Funding the Development Priorities

The Corporate Training Budget (CTB) provides the funding to develop employees in line with organisational needs. As such it is important that we take a strategic approach to managing this budget. This will allow us to maximise its provision as we upskill our workforce to prepare for future savings then reduce it in a managed way in line with the savings required.

Given the importance of an engaged and committed workforce to high performance it is intended to rebrand the CTB to the Corporate Training and Engagement Budget. We will work with the People Dimension Group to identify funding, where appropriate, to support engagement interventions with the workforce and stakeholders in achieving transformation.

In making more effective use of resources we will:

- continue, where relevant, to move training provision from face to face to eLearning;
- offer time efficient development such as pit stops, webinars and hot topics which add value but have less impact on operational time;
- increase the emphasis on tailored development delivered inhouse, increase our inhouse capacity as assessors and use inhouse presenters to co-present the Momentum programme and to coach others in Momentum style techniques;
- identify and use inhouse expertise across the Council to assist in development initiatives where possible;
- increase the number of joint programmes run with our North East partners, such as the Collaborating for Outcomes programme, the joint supervisory programme, the joint mentoring scheme and the joint middle management programme; and
- achieve administrative savings through the use of e-forms.

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ABERDEEN
CITY COUNCIL

Equality and Human Rights Impact Assessment - the Form

There are separate guidance notes to accompany this form – "Equality and Human Rights Impact Assessment – the Guide." Please use these guidance notes as you complete this form. Throughout the form, **proposal** should be understood broadly to include the full range of our activities and could refer to a decision, policy, strategy, plan, procedure, report or business case, embracing a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Essentially everything we do!

STEP 1: Identify essential information

1. Committee Report No. | CG/14/005

2. Name of proposal. | General Fund Revenue Budget 2014/15 and Indicative Five-Year Budgets

3. Officer(s) completing this form.

Name	Designation	Service	Directorate
Carol Wright	Senior Finance Officer (Projects)	Finance	Corporate Governance

4. Date of Impact Assessment. | 3 December 2013

5. When is the proposal next due for review? | February 2015

6. Committee Name. | Council Budget Meeting

7. Date the Committee is due to meet. | 6 February 2014

8.   Identify the Lead Council Service and who else is involved in delivering this proposal (for example other Council services or partner agencies).

> Whilst the Lead in the preparation of the budget and the monitoring of expenditure to budget thereafter is Corporate Governance, ALL Directorates are responsible for the delivery of their services within the budget provided.

9.   Please summarise this Equality and Human Rights Impact Assessment (EHRIA). This must include any practical actions you intend to take or have taken to reduce, justify or remove any adverse negative impacts. This must also include a summary of how this proposal complies with the public sector equality duty for people with protected characteristics - see Step 2. **Please return to this question after completing the EHRIA.**

> This EHRIA is to highlight to Council that within the proposed budget for 2014/15, and the indicative years there-after, there are currently no additional savings to be made.
>
> Within the budget presented to this February 2014 Council Budget Meeting there are no new savings for which approval is sought.
>
> The impact on equality groups was addressed in the approval of the indicative 5 year position in February 2011 & February 2012– EHRIA's having been prepared and published at that time. Services review and amend EHRIA as required in the implementation of the PBB Savings.

10. Where will you publish the results of the Equality and Human Rights Impact Assessment? Tick which applies.

☐   Para 9 of EHRIA will be published in committee report in Section 6 "Impact"
☐   Full EHRIA will be attached to the committee report as an appendix
✓   Copied to Equalities Team to publish on the Council website

STEP 2: Outline the aims of the proposal

11. What are the main aims of the proposal?

> To provide Council with details of the 2014/15 general fund revenue budget along with indicative five year budget.

12.   Who will benefit most from the proposal?

> Aberdeen citizens will benefit from fiscal certainty for 2014/15.
> Aberdeen City Council have a defined framework which reflects priorities and provides a degree of continuity as it is a rolling five year plan for the period 2014/15 to 2018/19.

13. You should assess the impact of your proposal on equality groups and tell us how implementing this proposal will impact on the needs of the public sector equality duty to: eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations.

> The council in anticipation of setting its budget for 2011/12 undertook an extensive

priority-based budgeting (PBB) exercise that reviewed all costs being incurred across council services over a five year period. This led to the production of a five-year business plan outlining the financial position over the five years and this has been updated to reflect a more detailed understanding of the cost pressures, financial out-turn and Scottish Government settlement figures.

Within the budget presented to this February 2014 Council Budget Meeting there are no new savings for which approval is sought.

The impact on equality groups was addressed in the approval of the indicative 5 year position in February 2011 & February 2012– EHRIA's having been prepared and published at that time. Services review and amend EHRIA as required in the implementation of the PBB Savings.

STEP 3: Gather and consider evidence

15. What **evidence** is there to identify any potential positive or negative impacts in terms of involvement, consultation, research, officer knowledge and experience, equality monitoring data, user feedback and other? You must consider relevant evidence, including evidence from equality groups.

This EHRIA informs the Council that the impact on equality groups was addressed in the approval of the indicative 5 year position in February 2011 & February 2012– EHRIA's having been prepared and published at that time. Services review and amend EHRIA as required in the implementation of the PBB Savings.

STEP 4: Assess likely impacts on people with Protected Characteristics

16. Which, if any, people with protected characteristics and others could be affected positively or negatively by this proposal? Place the symbol in the relevant box. Be aware of cross-cutting issues, such as older women with a disability experiencing poverty and isolation.

Please note that as expressed above no additional savings require approval by Council in February 2014; any impact upon "protected characteristics" was addressed in the published EHRIA for already approved savings included in the baseline budget for the rolling 5 year period.

(Positive +, neutral 0, - negative)

Protected Characteristics					
Age - Younger Older		Disability		Gender Reassignment*	
Marriage or Civil Partnership		Pregnancy and Maternity		Race**	
Religion or Belief		Sex (gender)***		Sexual orientation****	
Others e.g. poverty					

Notes:

*   Gender Reassignment includes Transsexual

**   Race includes Gypsy/Travellers

***   Sex (gender) i.e. men, women

****   Sexual orientation includes LGB: Lesbian, Gay and Bisexual

17.   Please detail the potential positive and/or negative impacts on those with protected characteristics you have highlighted above.

In making the assessment you must consider relevant evidence, including evidence received from individuals and equality groups. Having considered all of these elements, you must take account of the results of such assessments. This requires you to consider taking action to address any issues identified, such as removing or mitigating any negative impacts, where possible, and exploiting any potential for positive impact. If any adverse impact amounts to **unlawful discrimination**, the policy must be amended to avert this. Detail the impacts and describe those affected.

Positive impacts (describe protected characteristics affected)	Negative Impacts (describe protected characteristics affected)

Please note that as expressed above no additional savings require approval by Council in February 2014; any impact upon "protected characteristics" was addressed in the published EHRIA for already approved savings included in the baseline budget for the rolling 5 year period.

STEP 5: Human Rights - Apply the three key assessment tests for compliance assurance

18. Does this proposal/policy/procedure have the potential to interfere with an individual's rights as set out in the Human Rights Act 1998? State which rights might be affected by ticking the appropriate box(es) and saying how. **If you answer "no", go straight to question 22.**

☐ Article 3 – Right not to be subjected to torture, inhumane or degrading treatment or punishment
☐ Article 6 – Right to a fair and public hearing
☐ Article 8 – Right to respect for private and family life, home and correspondence
☐ Article 10 – freedom of expression
☐ Other article not listed above

How?
Not applicable

Legality

19. Where there is a potential negative impact is there a legal basis in the relevant domestic law?

Not applicable

Legitimate aim

20. Is the aim of the policy identified in Steps 1 and 2 a legitimate aim being served in terms of the relevant equality legislation or the Human Rights Act?

Not applicable

Proportionality

21. Is the impact of the policy proportionate to the legitimate aim being pursued? Is it the minimum necessary interference to achieve the legitimate aim?

Not applicable

STEP 6: Monitor and review

22. How will you monitor the implementation of the proposal? (For example, customer satisfaction questionnaires)

A formal monitoring and reporting process exists for regular spend to budget information being presented to Corporate Management Team and Committees/Council as required.
Individual savings within the budget are monitored via the Sponsoring Group.

23. How will the results of this impact assessment and any further monitoring be used to develop the proposal?

The EHRIA prepared for the already approved savings are reviewed and amended as necessary should there be any change in the method of implementation of the savings or where there are significant changes in the demographics relating to individual options.

STEP 7 SIGN OFF

The final stage of the EHRIA is formally to sign off the document as being a complete, rigorous and robust assessment.

Person(s) completing the impact assessment.

Name	Date	Signature
Carol Wright (Senior Finance Officer, Projects)	24/01/14	

Quality check: document has been checked by

Name	Date	Signature
Steven Whyte (Chief Accountant)	24/1/14 .	

Head of Service/ Director (Sign-off)

Name	Date	Signature
Pete Leonard (Director of Housing & Environment)	23/01/14	

Now –
Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal to:

Equalities Team
Customer Service and Performance
Corporate Governance
Aberdeen City Council
Business Hub 13
Second Floor North
Marischal College
Broad Street
Aberdeen
AB10 1AB

Telephone 01224 523039 Email sandrab@aberdeencity.gov.uk

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	6 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance)
TITLE OF REPORT	Non Housing Capital Programme 2014/15 and Indicative 5 Year Budgets
REPORT NUMBER:	CG/14/006

1.   PURPOSE OF REPORT

1.1   The purpose of this report is to provide the Council with details of the 2014/15 Non Housing Capital Programme, along with indicative investment levels for the 5 year Business Plan period, incorporating the recently approved Strategic Infrastructure Plan. The report also provides details of the updated Corporate Asset Management Plan which directly supports the Capital Programme.

2.   RECOMMENDATIONS

2.1   It is recommended that the Council:

a) Approves the capital investment programme of £394million over the 5 year Business Plan life-cycle, as attached at Appendix 1, which incorporates the recently approved Strategic Infrastructure Plan;

b) Approves the new self-financing investment bid for the Tenanted Non-Residential Property Portfolio to be included in the capital programme;

c) Notes the contents of the updated Corporate Asset Management Plan in Appendix 4; and

d) Approves the Prudential Indicators as attached at Appendix 5.

3.   FINANCIAL IMPLICATIONS

3.1   Details of the proposed capital programme can be found at Appendix 1, along with details of the associated funding streams. A brief description of each project can be found in Appendix 2.

3.2   As agreed at Finance, Policy & Resources Committee in September 2013, any surplus at year end 2013/14 after a £1million commitment for the Music Hall redevelopment will be utilised to support the funding of the capital investment of the Council.

3.3   The approved capital programme will be managed and monitored within the capital framework as set out in the Prudential Code.

4.   OTHER IMPLICATIONS

4.1   The Council has a process for identifying and ranking projects, or bids, and this is reflected in the project details in Appendix 1. This includes projects within the Strategic Infrastructure Plan as appropriate.

5.   REPORT

Capital Programme

5.1   It is the intention of officers to maintain the current financial strategy which will see the total level of borrowing reduce over the 5 year period covered by the business plan.

5.2   Given this strategy an assessment has been made on the likely level of capital receipts that may materialise over the 5 year period, along with the level of capital grant and other grants, such as lottery funding.

5.3   What this demonstrates is that over the 5 year period a programme of around £394 million can be delivered and still have the total debt of the Council reduce over the period. The potential impact of Aberdeen Western Peripheral Route funding is still being fully investigated, however it should be noted that Scottish Ministers have given consent to borrow if required.

5.4   The General Fund revenue budget assumes, in principle, a programme of around £394 million as the capital financing charges, charged to the revenue account, are allowed for in the 5 Year Business Plan.

5.5 Additional capital projects submitted to the budget process are included for reference in Appendix 2. It is recommended that Council approves the self-financing investment bid for the Tenanted Non-Residential Property Portfolio as part of the non-housing programme, as it will not impact on overall programme funding.

5.6 Projects included in the "New Bids / Submissions not previously included in the NHCP" section of Appendix 2 do not have identified funding strategies and have not been included in the non-housing capital programme.

Corporate Asset Management Plan

5.7 The Council's first Corporate Asset Management Plan (AMP) was approved by the Finance & Resources Committee in February 2013. In line with best practice this has been updated for 2014. The update is shown in Appendix 4.

5.8 The Corporate AMP is a strategic document that ensures that our use and management of assets is aligned to our strategic objectives and priorities. This includes processes for selection of projects for inclusion in the Capital Programme. In addition the Corporate AMP will play a key role in the further development and delivery of the SIP.

6. **IMPACT**

6.1 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.

7. **BACKGROUND PAPERS**

Scottish Government Finance Circulars
Priority Based Budget Report
2013/14 Monitoring Reports
5 Year Business Plan

8. REPORT AUTHOR DETAILS

Scott Paterson
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NHCP No.	Continuing Projects - Extend Rolling programmes	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
	Non-Housing Capital Programme 2013/14 - 2018/19						
294	Corporate Property Condition & Suitability	8,767	8,302	8,302	8,304	7,400	41,075
551	Cycling Walking Safer Streets	341	0	0	0	0	341
789	Planned Renewal & Replacement of Roads Infrastructure	3,883	4,000	4,000	4,000	4,000	19,883
784	Fleet Replacement Programme	3,000	3,000	3,000	3,000	5,000	17,000
765G	Nestrans Capital Grant	1,295	1,295	1,295	1,295	1,295	6,475
779	Private Sector Housing Grant	1,000	1,000	1,000	1,000	1,000	5,000
		18,286	**17,597**	**17,597**	**17,599**	**18,695**	**89,774**

NHCP No.	Other Projects	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
	Non-Housing Capital Programme 2013/14 - 2018/19						
630	Data Centre Move	0	2,500	500	0	0	3,000
805	Technology Investment Requirements	1,800	326	0	0	0	2,126
759	School Estate Strategy - New Brimmond School	7,033	2,634	1,064	0	0	10,731
776	New ASN School	700	4,000	6,000	7,800	0	18,500
799A	Art Gallery Redevelopment - Museums Collection Centre	3,189	318	167	0	0	3,674
799B	Art Gallery Redevelopment - Main Contract (HLF)	1,150	11,832	15,000	872	496	29,350
804	New Milltimber Primary	0	0	1,250	7,500	3,000	11,750
808	New Academy to the South	1,500	12,000	15,000	3,500	0	32,000
587	Access from the North / 3rd Don Crossing	7,629	3,540	1,671	433	0	13,273
627	Aberdeen Western Peripheral Route	19,000	14,000	8,000	3,300	12,700	57,000
663	Corporate Office Accommodation	490	0	0	0	0	490
794	Hydrogen Buses	3,200	0	0	0	0	3,200
795	Accelerate Aberdeen (City Broadband)	500	500	500	374	0	1,874
800	St Nicholas House Demolition	326	0	0	0	0	326
806A	CATI - South College Street	4,000	2,000	0	0	0	6,000
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	850	2,950	6,100	2,000	3,720	15,620
806C	CATI - Pedestrianise Union Street	147	385	190	2,240	3,170	6,132
807	A96 Park & Choose / Dyce Drive Link Road	9,646	4,200	606	0	0	14,452
497	Ness Landfill Restoration	46	0	0	0	0	46
797	Victoria House	1,257	0	0	0	0	1,257
810A	Ness Landfill Leachate & Gas Control Measures	500	1,000	400	0	0	1,900
810B	Energy from Waste (EfW) Procurement and Land Acquisition	2,984	1,500	500	0	0	4,984
810C-K	Implement Zero Waste Strategy	7,150	16,000	800	0	0	23,950
811	Social Care Facilities - Burnside	500	3,460	440	0	0	4,400
812	Social Care Facilities - Replacement / Upgrade Childrens Home	500	850	200	0	0	1,550
816	Social Care Facilities - Respite Centre	500	0	0	0	0	500
817	Social Care Facilities - Rosewell House Therapy Pool	150	1,400	450	0	0	2,000
818	Tillydrone Extra Care Village Residential Type Care	0	1,500	2,000	3,000	3,500	10,000
819	Tillydrone Extra Care Village Community Hub	0	500	500	2,000	0	3,000
New	Music Hall Refurbishment	1,000	0	0	0	0	1,000
New	City Centre Regeneration	500	3,000	15,000	1,500	0	20,000
New	City Deal	250	0	0	0	0	250
		76,497	**90,395**	**76,338**	**34,519**	**26,586**	**304,335**
	Totals - Completed and Continuing Projects	**94,783**	**107,992**	**93,935**	**52,118**	**45,281**	**394,109**

NHCP No.	Financed By:	Budget 2014/15 £'000	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Total £'000
	Non-Housing Capital Programme 2013/14 - 2018/19						
	1. Project Funding Streams						
759	School Estate Strategy - new Brimmond School	(3,500)	0	0	0	0	(3,500)
808	New Academy to the South	(5,500)	(16,500)	0	0	0	(22,000)
804	New Milltimber Primary	0	(1,250)	(7,000)	(750)	0	(9,000)
799A	Art Gallery Redevelopment - Main Contract (HLF)	(500)	(9,000)	(10,500)	0	0	(20,000)
794	Hydrogen Buses	(2,000)	0	0	0	0	(2,000)
	Other Minor Contributions	0	0	0	0	0	0
		(11,500)	(26,750)	(17,500)	(750)	0	(56,500)
	2. Other Financing	(73,283)	(71,242)	(68,435)	(49,368)	(45,281)	(307,609)
	Sub-total	**(84,783)**	**(97,992)**	**(85,935)**	**(50,118)**	**(45,281)**	**(364,109)**
	Cashflow	**(10,000)**	**(10,000)**	**(8,000)**	**(2,000)**	**0**	**(30,000)**
	Net Position	**0**	**0**	**0**	**0**	**0**	**0**

	Other Non-Housing Capital Projects 2013/14 - 2018/19	Draft 2014/15	Draft 2015/16	Draft 2016/17	Draft 2017/18	Draft 2018/19	Total
NHCP No.	**New Bids / Submissions - Self-Financing Investments**	£'000	£'000	£'000	£'000	£'000	£'000
New	Investment in Tenanted Non-Residential Property Portfolio	100	900	1,000	750	150	2,900
New	Renewable Energy Strategies & Projects	740	0	0	0	0	740
		840	**900**	**1,000**	**750**	**150**	**3,640**
		Draft 2014/15	Draft 2015/16	Draft 2016/17	Draft 2017/18	Draft 2018/19	Total
NHCP No.	**New Bids / Submissions not previously included in the NHCP**	£'000	£'000	£'000	£'000	£'000	£'000
New	Strategic Land Acquisition	3,000	0	0	0	0	3,000
New	Implement Zero Waste Strategy (New Collection Services Depot)	1,000	2,000	0	0	0	3,000
New	School Estates Review - New Stoneywood Primary	750	3,250	7,500	1,500	0	13,000
New	School Estates Review - Greenbrae Extension	500	1,500	0	0	0	2,000
New	School Estates Review - New Countesswells Primaries & Secondary	0	0	0	0	1,500	1,500
New	School Estates Review - Bucksburn Academy (3Rs) Extension	0	0	0	0	0	0
New	School Estates Review - Victorian Schools Programme	2,000	2,000	2,000	2,000	2,000	10,000
		7,250	**8,750**	**9,500**	**3,500**	**3,500**	**32,500**
	Totals - New Projects	**8,090**	**9,650**	**10,500**	**4,250**	**3,650**	**36,140**

NHCP No.	Rolling Programmes	Project Description
294	Corporate Property Condition & Suitability	A programme of investment improving and enhancing the Councils assets. Primarily aimed at operational properties.
551	Cycling Walking Safer Streets	A programme of investment in adopted roads to encourage walking and cycling and improve pedestrian safety.
789	Planned Renewal & Replacement of Roads Infrastructure	A programme of investment in adopted roads network and lighting infrastructure.
784	Fleet Replacement Programme	A replacement programme for the Council's vehicle fleet and plant.
765G	Nestrans Capital Grant	Grant paid to the North East Scotland Transportation Partnership to support funding for strategic transport infrastructure projects.
779	Private Sector Housing Grant	Grants for properties in serious disrepair, or in need of adaptions.to accommodate persons with disabilities

NHCP No.	Other Projects	Project Description
630	Data Centre Move	Refresh and upgrade of the infrastructure within data centre facilities.
805	Technology Investment Requirements	Investment in ICT to support delivery of service efficiencies across the Council.
759	School Estate Strategy - New Brimmond School	New school to replace former Bucksburn and Newhills Primaries.
776	New ASN School	New additional support needs school to replace existing facilities.
799A	Art Gallery Redevelopment - Museums Collection Centre	The new Museums and Gallery Store is a further key infrastructure project closely linked to the Art Gallery Redevelopment and is an enabler to deliver this project.
799B	Art Gallery Redevelopment - Main Contract (HLF)	The project is to undertake a transformational scheme at Aberdeen Art Gallery which will improve, rejuvenate and preserve a distinctive granite building which acts as a cultural focus for the City of Aberdeen and North East Scotland.
804	New Milltimber Primary	Replacement school required to accommodate pupils from planned residential developments.
808	New Academy to the South	New school to replace Torry and Kincorth Academies at a new site at Bobby Calder Park.
587	Access from the North / 3rd Don Crossing	The Third Don Crossing is a strategically crucial upgrade of the local road network which falls within the Council's remit.
627	Aberdeen Western Peripheral Route	Creation of new road funded by the Scottish Government, ACC and Aberdeenshire Council.
663	Corporate Office Accommodation	Upgrading of corporate office accommodation including the Frederick Street Centre and the Town House.

NHCP No.	Other Projects	Project Description
794	Hydrogen Buses	Pilot project for introduction of Hydrogen Buses in Scotland. Includes creation of Hydrogen fuelling station at Kittybrewster.
795	Accelerate Aberdeen (City Broadband)	The Accelerate Aberdeen programme, is a multi-stream project that seeks to provide the region with the world class digital infrastructure it requires, with economic growth and development at its core.
800	St Nicholas House Demolition	Demolition of St Nicholas House to free up site for development.
806A	CATI - South College Street	Dualling of remaining stretch of South College Street. Part of the Central Aberdeen Transport Infrastructure.
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	Continuation of dual carriageway through to St Machar Drive. Part of the Central Aberdeen Transport Infrastructure.
806C	CATI - Pedestrianise Union Street	Pedestrianisation of section of Union Street from Market Street to Bridge Street. Part of the Central Aberdeen Transport Infrastructure.
807	A96 Park & Choose / Dyce Drive Link Road	This link road is an essential link between the Aberdeen Western Peripheral Route (AWPR) and the airport and will act as a driver for commercial development of the surrounding land. The other element of this project is the development of a new Park and Choose facility on the A96.
497	Ness Landfill Restoration	Environmental project to clean-up and restore the former Ness landfill site.
766	Hill of Tramaud Change of Law Costs	Ongoing works to manage former landfill site.
797	Victoria House	Self contained flats and supported accommodation (hostel), with associated staffing, catering and service areas.

NHCP No.	Other Projects	Project Description
810A	Ness Landfill Leachate & Gas Control Measures	Ongoing works to manage former landfill site.
810B	Energy from Waste (EfW) Procurement and Land Acquisition	Required for future development of an energy from waste plant.
810C-K	Implement Zero Waste Strategy	Plan to expand services and develop local infrastructure that will take the city towards Zero Waste.
811	Social Care Facilities - Burnside	New build facility to replace Rosehill House Day Care Centre.
812	Social Care Facilities - Replacement / Upgrade Childrens Home	Replacement of Childrens Home which may include the purchase and refurbishment of the current Kingsfield property.
816	Social Care Facilities - Respite Centre	New provision of respite care to meet growing demand.
817	Social Care Facilities - Rosewell House Therapy Pool	Project to create new hydro therapy pool at Rosewell House.
818	Tillydrone Extra Care Village Residential Type Care	New build facility for providing residential type care. Linked to the regeneration of Tillydrone.
819	Tillydrone Extra Care Village Community Hub	New build facility to provide a community hub. Linked to the regeneration of Tillydrone.

NHCP No.	Other Projects	Project Description
New	Music Hall Refurbishment	Renovation and refurbishment of the Music Hall. Joint project with Aberdeen Performing Arts.
New	City Centre Regeneration	Fund to address the investment required within the City Centre. It also allows the Council to provide resources where additional partner funding could also be harnessed and is seen as a real chance for partnership working to reach consensus on the City Centre regeneration.
New	City Deal	Development of City Deal proposal for submission to the UK Government

NHCP No.	New Bids / Submissions - Self-Financing Investments	Project Description
820	Investment in Tenanted Non-Residential Property Portfolio	Investment in the Council's commercial portfolio to increase rental income and enhance asset values.
New	Renewable Energy Strategies & Projects	Initial project will be investment in the Wind Turbine Project at South Lasts Farm.

Corporate Asset Management Plan
Update 2014

Contents

Executive Summary

1   Asset Management Planning

1.1   Asset Management is widely recognised by the Scottish Government and public bodies as vital to optimising the use and management of assets with the aim of releasing financial and service benefits. This is identified in a publication from the Scottish Futures Trust (SFT) entitled "Improving Asset Management across the Scottish Public Sector". Such thoughts have been expressed in earlier publications from Audit Scotland, the Chartered Institute of Public Finance & Accountancy (CIPFA) and various professional bodies.

1.2   This document is an update of the Council's first Corporate Asset Management Plan (AMP), which was approved in February 2013.

2   Asset Management Planning in Aberdeen

2.1   Aberdeen has become an exciting place to live, work and visit. It has evolved into a city with a recognised global reputation for knowledge development, capture and application. Its people have a strong, outward-looking view of the world, grounded in an equally strong sense of their traditional North-East identity. Its continued economic success is benefiting all its citizens and advancing equality in the city such that the City is now highly placed in Europe for quality of living.

2.2   Asset management therefore has an important role in maintaining and enhancing Aberdeen's position. This Council has carried out asset management in other guises for many years but it was not until 2007 that the Council actively set out to implement asset management. Part of this initial step was to ask CIPFA to perform a review of asset management within the Council. These findings were included within the 2009 Property AMP. Significant steps have been made since then both in corporate asset management and in particular property asset management.

2.3   The diagram below indicates the best practice model for strategic asset management documents, with the Corporate AMP acting as an umbrella document. Sections 4 - 9 of this document identifies the progress with each of the individual AMP's. Each detailed asset management plan will follow a broadly similar structure although by the very nature of the different types of assets they approach asset management in different ways when required. However, they will have a common theme of offering a critical appraisal of existing asset performance as well as identifying future investment requirements.
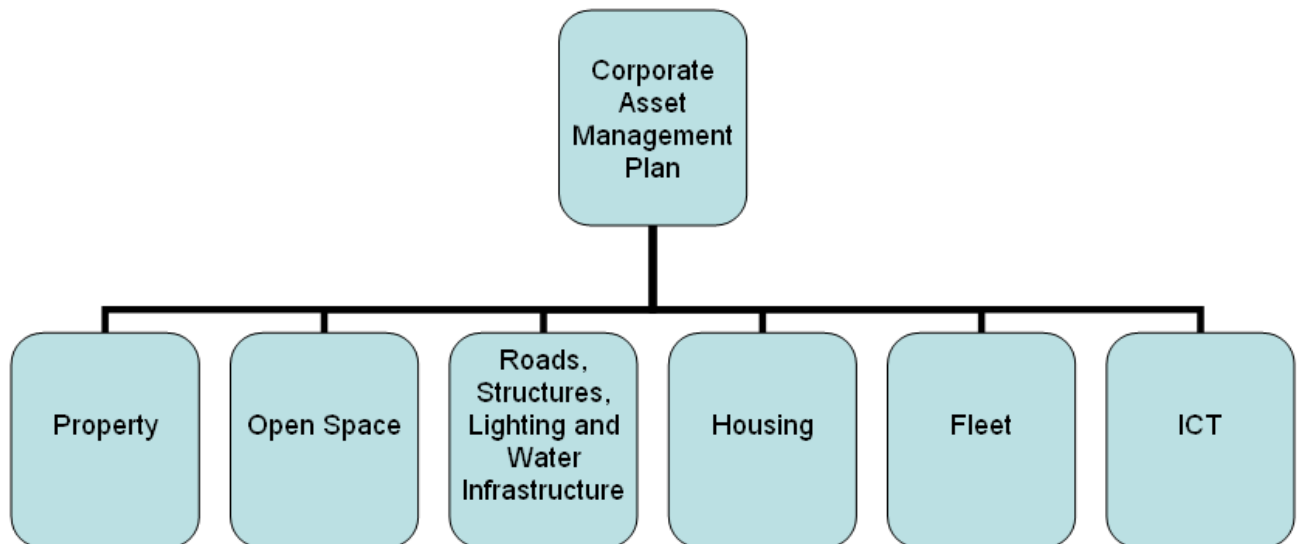
3 Council's Vision and Asset Objectives

3.1 The key to ensuring that our assets deliver what is required for Aberdeen, both now and in the future, is ensuring that our use and management of assets is aligned to our strategic objectives and priorities.

3.2 The Council's Vision and strategic priorities are set out in 'Aberdeen – the Smarter City'. To realise this vision, Aberdeen City Council is working to support:

An ambitious, achieving, smart city, which:

- Develops an economy based on knowledge and innovation;
- Encourages more efficient use of greener resource which generates a competitive economy;
- Uses technology and data to enable informed decisions to be taken;
- Enables citizens to interact in a city where there is a sense of place; and
- Encourages a form of governance which engages citizens.

Strategic priorities are set out under specific themes:
- Smarter Governance;
- Smarter Living;
- Smarter People;
- Smarter Environment;
- Smarter Economy; and
- Smarter Mobility.

Assets we use, occupy or provide have a particularly important role to play in Smarter Living, Smarter People, Smarter Environment and Smarter Mobility themes.

3.3 The Council's approved vision for our assets is:

"The Council will provide assets, working with partners, where appropriate, which support the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable."

3.4 At the meeting of the Council on 31 October 2013 the Strategic Infrastructure Plan (SIP) was approved. The Plan focuses on the delivery of our Strategic and Local Development Plans, including the associated funding sources and potential funding models. The SIP identifies five key infrastructure goals around housing supply, digital connectivity, skills and labour, transport and providing a better image for Aberdeen. It contains bold, large-scale projects that will help us deliver our priorities. It is both ambitious and achievable.

3.5 The Corporate AMP will play a key role in the further development and delivery of the SIP. The most up to date capital programme, reflecting current priorities, available funding and spending profiles is set out within the extended Capital Programme.

4 Delivery Arrangements

4.1 The Corporate Asset Group continues to generate a culture and awareness of asset management within the council. As a result significant improvements have been made in asset management processes. The importance of the group continues to be recognised particularly in terms of the support it provides to all services in developing their Service Asset Management Plans, considering the corporate impact of service demands for new assets and therefore the management of the capital projects and programmes process.

4.2 Asset Management Plans for each of the asset types are already in place or are programmed for completion during 2014. Details of the progress with each AMP are shown in Sections 4 - 9. Annual updates are required, with best practice suggesting a comprehensive review every 3 years. Service AMPs are also subject to annual update.

5 Performance Management

5.1 The effectiveness of this asset management strategy needs to be measured. Key Performance Indicators will therefore be needed for each of the AMPs. Those selected should give an overview of the performance across the asset groups or specific asset groups. A range of indicators exist and are used for benchmarking purposes through a variety of performance networks. However, in some cases new indicators may require to be devised.

6 Capital Strategy and Funding – Non-Housing

6.1 In 2013 the Council moved to a five year capital programme to allow for easier management and greater certainty. The Council faces real challenges in funding capital projects and the demands for new infrastructure and buildings. Recent years has seen a reduction in the capital programme when compared with the previous 5 years. As re-iterated in the SIP, it is a fundamental policy of the Council to reduce debt over the 5 Year Business Plan. As such, the majority of future capital programmes will be funded through the Scottish Government grant and capital receipts, or by Services allocating revenue funds for capital investment to avoid impacting on the overall debt position. In addition there is an increased incentive to identify traditional funding methods such as other grants as well as looking at alternative funding methods. This would include revenue options and partnership working.

6.2 A five year capital programme for financial years 2013/14 to 2017/18 was approved by Council in February 2013. The extended programme and funding strategies take account of changes to projects and the SIP, and is presented in conjunction with this plan for approval by Council. This programme will extend the current programme and funding strategies to 2018/19.

7 Capital Strategy and Funding – Housing

7.1 The Council is working towards a 30 year business plan which demonstrates the long term affordability of maintaining and improving the Council housing stock. The Housing Capital Programme is an integral element of the long term plan. The monies required to fund the housing capital programme can be achieved through a combination of external borrowing, capital grants and a revenue contribution. The primary revenue income is rent which means the Housing Capital Programme is closely tied to the rent strategy.

7.2 The approved Housing Capital Programme is summarised below. Proposed works for the 2014/15 financial year have been produced using the information held on cyclical replacement of each element (central heating, kitchens, bathrooms etc) and community projects provided by key stakeholders.

Heading	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
SHQS	37,583	30,163	26,868	25,389	24,270
Non SHQS	3,935	2,487	2,104	2,037	2,045
Corporate Fees	5,405	4,424	3,961	3,756	3,599
Total	46,923	37,074	32,933	31,182	29,914

8   Key Priorities

8.1   The tasks identified by the CAG are key to ensuring the continued implementation of asset management. The timetable may vary slightly depending on future Committee dates.

1. Background

1.1   Asset Management Planning

1.1.1   Asset Management is widely recognised by the Scottish Government and public bodies as vital to optimising the use and management of assets with the aim of releasing financial and service benefits. This is identified in a publication from the Scottish Futures Trust (SFT) entitled "Improving Asset Management across the Scottish Public Sector". Such thoughts have been expressed in earlier publications from Audit Scotland, the Chartered Institute of Public Finance & Accountancy (CIPFA) and various professional bodies.

1.1.2   Asset Management Planning simply put 'ensures that assets make the maximum possible contribution to achieving the goals and objectives of an organisation'.

1.1.3   All councils across Scotland have taken up asset management to some degree. However, there are few that could say that they have fully developed Asset Management Plans for all their assets.

1.1.4   This document is an update of the Council's first Corporate Asset Management Plan (AMP), which was approved in February 2013.

1.2   Asset Management Planning in Aberdeen

1.2.1   Aberdeen has become an exciting place to live, work and visit. It has evolved into a city with a recognised global reputation for knowledge development, capture and application. Its people have a strong, outward-looking view of the world, grounded in an equally strong sense of their traditional North-East identity. Its continued economic success is benefiting all its citizens and advancing equality in the city such that the City is now highly placed in Europe for quality of living.

1.2.2   Asset management therefore has an important role in maintaining and enhancing Aberdeen's position. This Council has carried out asset management in other guises for many years but it was not until 2007 that the Council actively set out to implement asset management. Part of this initial step was to ask CIPFA to perform a review of asset management within the Council. These findings were included within the 2009 Property AMP. Significant steps have been made since then both in corporate asset management and in particular property asset management.

1.2.3   Asset management is now well developed within the Council. Significant improvements have been made in essential processes and procedures as well as a structured approach for ongoing improvements to actual assets. This practice is set to continue in future years within all services and various work streams subject to funding availability.

1.2.4 The expected growth in the population and the new communities created as a result, along with demographic changes within existing communities, creates challenges in asset management terms. This includes identifying provision for new assets, rationalisation of existing assets which are no longer required or are not suitable for future service delivery and identifying appropriate funding.

1.2.5 Also of note is a significant push from the Scottish Government, through the SFT to improve joint working and integration with all public sector partners. The Council is already an active contributor to the work of the Grampian Public Sector Strategic Asset Group (GPsSPAG) (a network of public sector partners in the Grampian area).

1.2.6 The diagram below indicates the best practice model for strategic asset management documents, with the Corporate AMP acting as an umbrella document. Sections 4 - 9 of this document identifies the progress with each of the individual AMP's. Each detailed asset management plan will follow a broadly similar structure although by the very nature of the different types of assets they approach asset management in different ways when required. However, they will have a common theme of offering a critical appraisal of existing asset performance as well as identifying future investment requirements.
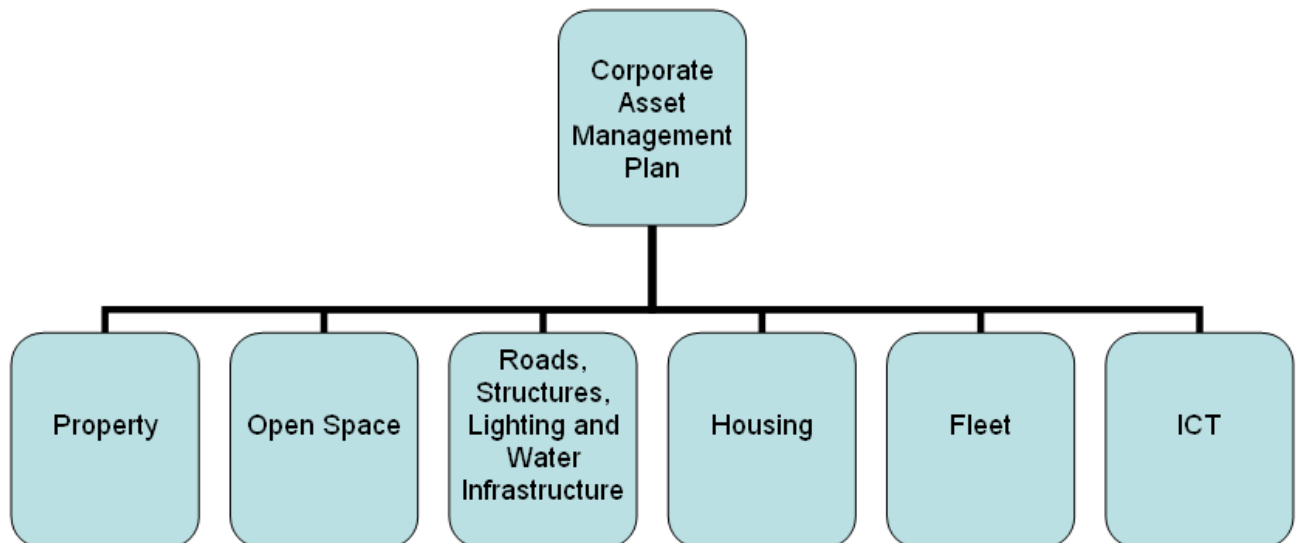
2. Corporate – Objectives and Priorities

2.1 Council's Vision and Asset Objectives

2.1.1 The key to ensuring that our assets deliver what is required for Aberdeen, both now and in the future, is ensuring that our use and management of assets is aligned to our strategic objectives and priorities.

2.1.2 The Council's Vision and strategic priorities are set out in 'Aberdeen – the Smarter City'. To realise this vision, Aberdeen City Council is working to support:

An ambitious, achieving, smart city, which:

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Strategic priorities are set out under specific themes:
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- Smarter Mobility.

Assets we use, occupy or provide have a particularly important role to play in Smarter Living, Smarter People, Smarter Environment and Smarter Mobility themes.

2.1.3 The Council's approved vision for our assets is:

"The Council will provide assets, working with partners, where appropriate, which support the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable."

2.1.4 In order to deliver our Strategic Priorities, 6 overarching asset aims and objectives have been established 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.** As assets are used by all services to assist in their delivery of services, they are vital in ensuring continuing support to all citizens, users of the council's services, and the local economy.
- **Assets must be economically sustainable.** This means keeping running costs down, considering the reuse of assets rather than renewal, undertaking option appraisals incorporating whole life costing for projects and assessing opportunity costs where relevant.
  - **Assets must be safe and comply with current legal requirements.**
  - **Assets must make a strategic impact**. Ensuring that our assets contribute to the outcomes set out within our Single Outcome Agreement, contribute to our strategic priorities and address challenges.
  - **Assets must be environmentally sustainable.** Ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.
  - **Work with our partners where practical to encourage joint working, sharing of assets and shared asset strategies.**

2.2 Strategic Infrastructure Plan

2.2.1 At the meeting of the Council on 31 October 2013 the Strategic Infrastructure Plan (SIP) was approved. The Plan focuses on the delivery of our Strategic and Local Development Plans, including the associated funding sources and potential funding models. The SIP identifies five key infrastructure goals around housing supply, digital connectivity, skills and labour, transport and providing a better image for Aberdeen. It contains bold, large-scale projects that will help us deliver our priorities. It is both ambitious and achievable.

2.2.2 The Corporate AMP will play a key role in the further development and delivery of the SIP. The most up to date capital programme, reflecting current priorities, available funding and spending profiles is set out within the extended Capital Programme.

3. Delivery Arrangements

3.1 Corporate Asset Group

3.1.1 The Corporate Asset Group continues to generate a culture and awareness of asset management within the council. As a result significant improvements have been made in asset management processes. The importance of the group continues to be recognised particularly in terms of the support it provides to all services in developing their Service Asset Management Plans, considering the corporate impact of service demands for new assets and therefore the management of the capital projects and programmes process.

3.1.2 The Head of Asset Management & Operations continues to chair the group, with the following officials representing each Service:

- Head of Finance, Corporate Governance
- Head of Environment Services, Housing & Environment
- Head of Regeneration and Housing Investment, Housing & Environment
- Head of Service, Office of Chief Executive
- Head of Customer Service and Performance, Corporate Governance
- Head of Adult Services, Social Care & Wellbeing
- Head of Educational Development, Policy and Performance, Education Culture & Sport
- Programme Manager – Smarter Working, Enterprise Planning & Infrastructure

The Corporate Director for Corporate Governance has recently agreed to sponsor the work of the group and will provide an important link between the Corporate Management Team (CMT) and the Corporate Asset Group (CAG).

3.2 Asset Management & Operations

3.2.1 Asset Management and Operations of Enterprise Planning & Infrastructure encompasses a number of teams vital to the implementation of asset management within the Council. Property and infrastructure are the main focus of the majority of the teams. However the Asset and Capital Management function encompasses all assets and provides vital support to other services in developing asset management plans.

3.3   Service Representatives

3.3.1   Each Service has a nominated official who acts as the direct link with the Asset Management Team. In most cases they also coordinate the Asset Management Plans (AMP) and Service Asset Management Plans (SAMP) for their service. Members of the Asset Management Team meet with Service Reps on a six weekly basis to discuss the key issues.

3.4   Asset Management Plans

3.4.1   Asset Management Plans for each of the asset types are already in place or are programmed for completion during 2014. Details of the progress with each AMP are shown in Sections 4 - 9. Annual updates are required, with best practice suggesting a comprehensive review every 3 years. Service AMPs are also subject to annual update.

3.5   Partnership & Collaboration

3.5.1   Given the potential benefits the Council needs to continue to work closely with partners, particularly those within the public sector, to ensure joint opportunities for efficiencies are explored. Through the GPsSPAG a number of policies and procedures have been agreed to allow public property assets to be used more efficiently between partners including model occupancy agreements (used by the Council to regularise occupation of 3R schools by Grampian Police and NHS Grampian) and sharing information on potentially surplus assets.

3.5.2   The ongoing joint working within this group shows that there are real opportunities for the Council. Individual AMPs will explore the possibility of similar approaches and will outline how these can be progressed.

3.5.3   The Council is currently working with the Society of Chief Officers of Transport in Scotland (SCOTS) and the other 31 Scottish Councils on the following projects.

- Road Condition Index
- Road Asset Management Plan Phase 2 (In conjunction with County Surveyors Society Wales)
- National Road Maintenance Review
- Scots National Development Guide

3.5.4 Further joint working on infrastructure is carried out with the Association for Public Service Excellence (APSE). This includes the following:

- Performance Networks (In conjunction with SCOTS)
- Best Practise Seminars
- Government Thinking and Comments

3.5.5 Sustainable Urban Drainage Systems (SUDS) are at present adopted by Scottish Water (SW), the exceptions are those which service roads drainage only and are the responsibility of the local roads authority. An initiative by SW and supported by SEPA (Scottish Environmental Protection Agency) is calling on the Scottish Government to urgently review this situation. This may lead to relieving SW of at least some of its adoption responsibilities. A working group has been set up by SCOTS to review the situation and advise COSLA.

3.6   Communication

3.6.1 Communicating the purpose, benefits and achievements of asset management, particularly corporately, is an essential component for success. Training for members and officers has been made available in the past, with the focus at the time primarily on property assets. A session on Corporate Asset Management and Capital Planning for elected members is scheduled for May 2014. This will focus on a much wider variety of issues.

3.6.2 It is also necessary to review the requirements of officers, to ensure that there is sufficient asset management knowledge. The level of training required will vary, particularly between groups. A review will be carried out to establish an appropriate way forward.

3.6.3 All the approved AMPs are available on the Council's website along with some general information and contact details. In addition, there is a Property Asset Management toolkit available on the Council's internal website. This holds all the essential information for Services and includes links to documents such as the Service AMP guidance and suitability assessment proforma.

4. Property Asset Management Plan

Status – 2013 PAMP Update approved by Property Sub Committee 24
September 2013
Lead Service – Enterprise Planning & Infrastructure

4.1   Introduction

4.1.1   The Council owns a hugely diverse property portfolio containing around 1200 assets, including both land and buildings. It is a constantly evolving portfolio with assets being sold, built and leased, all resulting in changes to the overall numbers.

4.1.2   The Council's first Property Asset Management Plan (PAMP) was approved in 2009 with a complete rewrite taking place in 2012. This was in line with good practice of annual updates and complete review every three years. The PAMP update was approved in 2013.

4.2   Assets Included

Asset Type	Number	Grouping
Car parks (incl multi-storey and staff)	29	Operational
Childrens Homes	6	Operational
Community Centres/Flats	44	Operational
Day Centres	4	Operational
Depots/Stores	43	Operational
Education	69	Operational
Family Centres	6	Operational
Homes and Hostels	18	Operational
Libraries	17	Operational
Miscellaneous (e.g. Crematorium)	5	Operational
Museums/Galleries	5	Operational
Office	31	Operational
Public Conveniences	13	Operational
Leisure Facilities	5	Operational
Sports Facilities	3	Operational
Construction/Refurbishment funded	9	Operational
Aberdeen Performing Arts	3	Operational Trust
Sports Trust Managed	32	Operational Trust
Vacant but not Declared Surplus	16	Not Declared Surplus
Held for Roads Improvement	6	Vacant Held for Roads Improvement
Business Centres	3	Tenanted Non Residential Property
Car parks and spaces	23	Tenanted Non Residential Property
Commercial (Other)	9	Tenanted Non Residential Property
Depots/Stores	14	Tenanted Non Residential Property
Factory/Industrial Units	113	Tenanted Non Residential Property
Farm and field leases	34	Tenanted Non Residential Property
Garage sites and lock-ups	61	Tenanted Non Residential Property
Ground Leases	329	Tenanted Non Residential Property
Homes and Hostels	15	Tenanted Non Residential Property
Miscellaneous Assets	9	Tenanted Non Residential Property
Offices	18	Tenanted Non Residential Property
Sports Facilities	5	Tenanted Non Residential Property
Shops	91	Tenanted Non Residential Property
SITA Managed Assets	7	Tenanted Non Residential Property
Staff Houses	38	Tenanted Non Residential Property
Community Facilities	6	Tenanted Non Residential Property
Various Surplus Assets	50	Surplus Assets

4.3   Aims & Objectives

4.3.1   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."

There are 7 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, elected 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, considering the reuse of assets rather than renewal, 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.
- **Assets 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 CO^2 emissions, ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.
- Working with our public sector partners, primarily in the Grampian Public Sector Strategic Property Asset Group. We are developing a shared strategy to **encourage the sharing of property assets where practical.**
- **Heritage Assets should be maintained to a high standard.** Ensuring the Council upholds its responsibilities in maintaining our built heritage.

4.4　Investment Requirements

4.4.1　A five year capital programme was approved in February 2013, which was an extension of the existing three year programme. The property related projects included within the programme are listed below, as are those that have now been completed.

4.4.2　Since the approval of the programme the Council has approved the SIP which identifies a number of projects that the Council aims to progress. The capital programme supports the delivery of the SIP with a number of projects being funded in the short to medium term.

4.4.3　A number of ongoing reviews of the Education Culture & Sport estate is likely to identify significant capital investment. These requirements will become clearer in early 2014 and will be considered as business cases are developed. The reviews are listed under the future funding requests heading.

Capital Projects Completed in 2013

- New Childrens Home (Marchburn)
- Extension to Riverbank School
- Tullos Pool Refurbishment
- Refurbishment of the Quarry Centre
- Various capital works through the C&S programme
- Frederick Street Multi-storey Car Park
- Replacement Green Houses at Duthie Park Winter Gardens
- Frederick Street Ground Floor Office Accommodation

Projects in Capital Programme

- New Additional Supports Need School
- Replacement Childrens' Home
- Tillydrone Extra Care Village
- Respite Centre (Balnagask House)
- Therapy Pool (Rosewell House)
- New Homeless Accommodation (Victoria House)
- New Brimmond Primary School
- Condition & Suitability Rolling Programme
- Corporate Office Accommodation Improvements
- Energy from Waste Plant Land Acquisition
- New Academy to the South
- Art Gallery Redevelopment
- Museums & Galleries Collections Centre
- New Milltimber Primary
- St. Nicholas House Demolition
- Redevelopment of the Music Hall

Anticipated Future Funding Requests

- Outcomes of Cultural Asset Review
- Outcomes of School Programme
- Outcomes of Leisure Asset Review
- Outcomes of Community Learning & Development Review
- Investment in Tenanted Non-Operational Property Portfolio
- Mither Kirk Project
- Energy From Waste Project

5. Open Space Asset Management Plan

Status – Open Space Strategy in place. First Open Space AMP required.

Lead Service – Enterprise Planning & Infrastructure

5.1   Introduction

5.1.1 Aberdeen City is renowned for its beautiful parks and open spaces, which are considered to be some of the best green spaces in Scotland. This makes for a beautiful city environment and contributes to our quality of life. There is growing evidence that quality and accessible open spaces play a vital role in the health and wellbeing of everyone. Good quality open spaces provide opportunities for outdoor recreation, physical exercise and promote social interaction and cohesion. It is recognised that open spaces play an important role in reducing and mitigating the effects of climate change and the conservation of biodiversity. They act as green lungs for the city and its residents and help in absorbing carbon emissions. Developing and managing quality open spaces is a major challenge that demands resources and time. This cannot be achieved by an individual or an organisation and requires joint working and a partnership approach.

5.1.2 The Council has an approved Open Space Strategy, which covers many aspects of what would be considered an Open Space AMP. In addition the Housing & Environment AMP approved at the Housing & Environment Committee on 27 August 2013 also identifies some key asset management issues. This information is currently being brought together within the Open Space AMP which is being developed and should go before elected members in the first half of 2014.

5.2   Assets Included

- Public Parks and Gardens
- Amenity Greenspace
- Play Space for Children
- Sports Areas
- Green Corridors
- Allotments
- Natural / Semi-Natural
- Civic Space
- Burial Grounds
- Former Landfill Sites
- Park / Street Furniture

5.3   Aims & Objectives

5.3.1 In development. The Vision, Aims and Objectives within the Open Space Strategy will act as a starting point.

5.4   Investment Requirements

Capital Projects Completed in 2013

- Duthie Park Restoration

Projects in Capital Programme

- Leachate and Gas Control Measures at Ness Landfill
- Hill of Tramaud Landfill - Change of Law Costs (further phase)
- Play equipment – removal / replacement (included within C&S Programme)

Anticipated Future Funding Requests

To be determined on completion of the Open Space AMP.

6. Infrastructure Asset Management Plan

Status – Road AMP approved at Enterprise Planning & Infrastructure in 2012 and updated via bulletin report in September 2013. First Infrastructure AMP to be completed in 2014.

Lead Service – Enterprise Planning & Infrastructure

6.1 Introduction

6.1.1 The Council had its Roads AMP approved in 2012 with the update circulated as a bulletin report. This AMP did not cover the full range of infrastructure assets and work is required to extend this document so that it covers all of the infrastructure assets listed below.

6.2 Assets Included

- Carriageways – e.g. Adopted Roads Network
- Footways, Cycleways and Verges
- Lighting
- Signs, Barriers and Street Furniture
- Bridges & Other Structures
- Water Related Assets – e.g. Coastal/Flood Defences
- City Broadband

6.3 Aims & Objectives

6.3.1 To be developed as part of the AMP and through supporting documents such as the Roads AMP.

6.4 Investment Requirements

Capital Projects Completed in 2013

- Various works through Planned Renewal & Replacement

Projects in Capital Programme

- Aberdeen Western Peripheral Route
- Central Aberdeen Infrastructure
- Access from the North
- A96 Link Road and Park & Choose
- Planned Renewal & Replacement of Road Infrastructure
- Accelerate Aberdeen
- Cycling Walking Safer Streets Grant
- Berryden Dualling (Stages 1-3)
- City Centre Regeneration (Note: may cross various asset groups)

Anticipated Future Funding Requests

- Wind Turbine at South Lasts Farm

7. Housing Asset Management Plan

Status – Being developed

Lead Service – Housing & Environment

7.1 Introduction

7.1.1 The housing stock for Aberdeen City Council has continued to reduce over the years because of the 'Right to Buy' (RTB), however the Council applied for Pressured Area Status (PAS) in 2007 which has resulted in a decrease of applications being made by tenants to purchase their properties. In 2012 the Council extended the number of PAS letting areas to 50 and this will contribute to further reductions in RTB sales. The main reasons for applying for PAS are due to the Council experiencing an increase in waiting lists coupled with the number of relets of properties declining, subsequently putting pressure on meeting housing needs in the City. Since the first Corporate AMP the Scottish Government has announced its intention to end right to buy entitlements. Further pressure has been exerted on the Council's ability to meet housing needs by the number of priority need homeless households being offered permanent accommodation. This was required to meet the Scottish Government's homeless target.

7.1.2 The Council has recently embarked on a new build housing programme which has already provided 151 new homes with 20 under construction and is also working with local developers through the National Housing Trust (NHT) to provide 164 mid-market rent properties. Importantly, the SIP recognised that the delivery of affordable housing is the highest priority for the economic future of the City and has agreed a step change to delivery. This will involve establishing a new build programme on Council land for 1026 houses by 2017, and over 1400 by 2019. This will complement the SIP which has targets to deliver 500 affordable housing units by 2017 through a partnership approach with private developers. With a further 554 units through the Strategic Housing Investment Plan within the same timescale.

7.1.3 Within its new Housing Asset Management Plan, Housing & Environment has started to develop an appropriate plan for its 59 multi storey flatted blocks, which accounts for approximately 20% of the housing stock. The plan will develop a strategic awareness of the structural and energy efficiency needs of the multi storey housing stock and investment requirements to meet best value for money. The full asset management plan will be presented to Committee in early 2014.

7.1.4 The context within which Plan will operate is:

- Service Planning:
  Does the Housing Stock meet the needs and aspirations of tenants? Do we manage it effectively and efficiently?

- Investment Planning:
  Do we have a long term costed plan for the repair and maintenance of the housing stock?
- Financial Planning:
  Can we afford to manage, maintain and invest in our housing? Does any part of the housing stock cost more than we collect in rent?

7.2 Assets Included

22,640 houses

- Multi-Storey Blocks
- Non-Traditional Housing Types
- Traditional Housing Types
- Sheltered Housing

7.3 The Asset Management Strategy, Aims & Objectives

7.3.1 These will be determined on receipt and presentation to committee of full housing AMP in early 2014.

7.4 Investment Requirements for Housing Assets

Completed Projects

- Various SHQS works
- Various non SHQS works

Current Housing Capital Programme

- Victoria House Flatted Accommodation
- Scottish Housing Quality Standards (SHQS)
  - Compliant with the tolerable standard
  - Free from Serious Disrepair
  - Energy Efficient
  - Modern Facilities & Services
  - Healthy, Safe & Secure
- Non Scottish Housing Quality Standards

8. Fleet Asset Management Plan

Status – Plan approved at Finance & Resources Committee 21 February 2013. Update to be reported to Property Sub-Committee as a bulletin report in February 2014.

Lead Service – Enterprise Planning & Infrastructure

8.1 Introduction

8.1.1 Meeting the requirements of our Fleet Operators License is of vital importance to the delivery of services across the Council. Fleet Management is therefore encompassed within the asset management team to ensure the principles of sound asset management are adopted within this service area.

8.1.2 The Council, as a Fleet Operator, manages and maintains a wide range of vehicles and plant to enable a number of services to operate efficiently. The operation has a legislative basis and failure to meet the requirements of the Traffic Commissioner could lead to a suspension of the license and added costs for the Council to deliver services.

8.2 Assets Included

- Vehicles and Plant - 1531
- Vehicle Workshop - 1

8.3 Aims & Objectives

8.3.1 The aims and objectives in providing a Fleet Maintenance Service is to ensure that the Council continues to operate vehicles which are fit for purpose for delivering services, meet all of the requirements of our Operator's license and satisfies all Health & Safety, Legislative and Statutory requirements.

8.3.2 Goals:
- Ensuring Council Services have the appropriate vehicles to carry out their responsibilities and duties
- Maintaining vehicles to VOSA (Vehicle Operator Services Agency) standard
- Ensuring Fleet Asset Management information and data is collected and stored effectively
- Demonstrating Best Value
- Considering the needs of Stakeholders
- Ensuring vehicles are environmentally friendly
- Maintaining the City Council's Operator's Licence

8.4   Investment Requirements

Completed Projects

- £3.6m of vehicles purchased/ordered

Projects in Capital Programme

- Hydrogen Buses
- Fleet - Rolling Replacement Programme

Anticipated Future Funding Requests

Included within the extension of the Council's rolling Capital programmes.

9.   ICT Asset Management Plan

Status – Update approved by Finance, Policy & Resources Committee on 5 December 2013

Lead Service – Corporate Governance

9.1   Introduction

9.1.1   The ICT Section within Corporate Governance is committed to working within the Council and with its partner organisations to deliver a value for money, secure, quality service, which enables business innovation through its use of ICT. The first ICT Asset Management Plan was approved in December 2012 with an update approved in December 2013.

9.2   Assets Included

- Data Centre and network communication facilities incorporating Server;
- Racks, Uninterrupted Power Supplies (UPS), Generators and Air Conditioning;
- Communication lines and network equipment including cabling, wireless access points, controllers, switches, routers and hubs;
- Telephone systems and handsets, including mobile phones, Blackberry and other smart phone devices;
- Desktop computers, laptops and thin client devices;
- Servers;
- Shared network and local storage and backup facilities;
- Shared network and peripheral devices (printers and scanners);
- Local peripheral devices (USB memory sticks, printers, scanners);
- Enterprise applications (Internet/Intranet presence, E-mail, Content Management, Firewall, Security);
- Enterprise Database Systems (Oracle and SQL Server);
- Enterprise Agreements, Contracts and Certificates; and
- Data and Information.

9.3   Aims & Objectives

9.3.1   In designing our approach to ICT asset management we have identified the following 5 overarching aims and objectives that will seek to ensure that the Council's ICT assets are fit for purpose within the current budgetary restraints:

- ICT Assets should meet the needs of those that use them. This includes staff, members, pupils, visitors, customers and the

general public through different access channels (face to face, telephone and online). ICT asset access needs to consider access for those with disabilities and/or special needs, such as additional language support.

- ICT Assets should be economically sustainable with minimal operating costs on a whole life costing model. This means keeping running costs down, maximising existing asset use, reducing duplication and waste while planning for future capacity requirements, prioritising capital and revenue spending, proper option appraisal incorporating whole life costing and assessing opportunity costs. ICT Asset acquisition will follow evaluation and consideration of full life cycle costs and benefits appraisal.

- ICT Assets should be environmentally sustainable. This means considering local and global environmental factors, monitoring and reducing energy consumption and CO_2 emissions through the whole ICT life cycle from manufacture, packaging, utilisation and disposal.

- ICT Assets must be safe, secure and comply with current legal and regulatory requirements and known future requirements. This means ensuring regular audits for DSE requirements and PAT testing of all ICT Assets, regular preventative maintenance and testing of critical ICT assets such as UPS and Air Conditioning within Data Centre and communications room facilities, compliance with WEEE regulations for electrical disposals, compliance with software licensing terms and conditions, compliance with Data Protection Act (DPA) and Disability Discriminations Act (DDA) when designing new ICT systems.

- ICT Assets should link to the Council's strategic business objectives. This means that governance and decision making around ICT Assets are integral to the strategic planning process and managed to deliver its strategic priorities and service in line with risk, providing value for money services for the benefit of the local community.

9.4 Investment Requirements

Projects in Capital Programme

- ICT Investment Programme (revenue)
- ICT Data Centre
- Technology Investment Requirements

Anticipated Future Funding Requests

None currently identified. Since 2012/13 the ICT Investment programme has been funded through the Council's General Services Revenue budget.

Projects Completed in 2013

- Information Communication Technology Connectivity
- Replacement of Education Management Information System

10. Performance Measures

10.1 Introduction

10.1.1 The effectiveness of this asset management strategy needs to be measured. Key Performance Indicators will therefore be needed for each of the AMPs. Those selected should give an overview of the performance across the asset groups or specific asset groups. A range of indicators exist and are used for benchmarking purposes through a variety of performance networks. However, in some cases new indicators may require to be devised.

10.1.2 At this time indicators have been selected for inclusion from the Property AMP and Roads AMP. In addition, the Carbon Reduction Targets are well established and provide performance across a range of assets. Other AMPs are not at sufficiently advanced stages to identify appropriate indicators.

1) 23% reduction in CO_2 emissions by 2015 (based on 2008/09 emission levels)

The volume of CO_2 emitted from Council operations has been monitored over the past 5 financial years (2008/09 – 2012/13). This includes emissions from business travel, fleet, some Council housing (59 multi-storey blocks, consisting of approximately 4,500 flats), public buildings, street lighting, water and waste disposal. The graph below shows the trend for emissions for each of these groups.
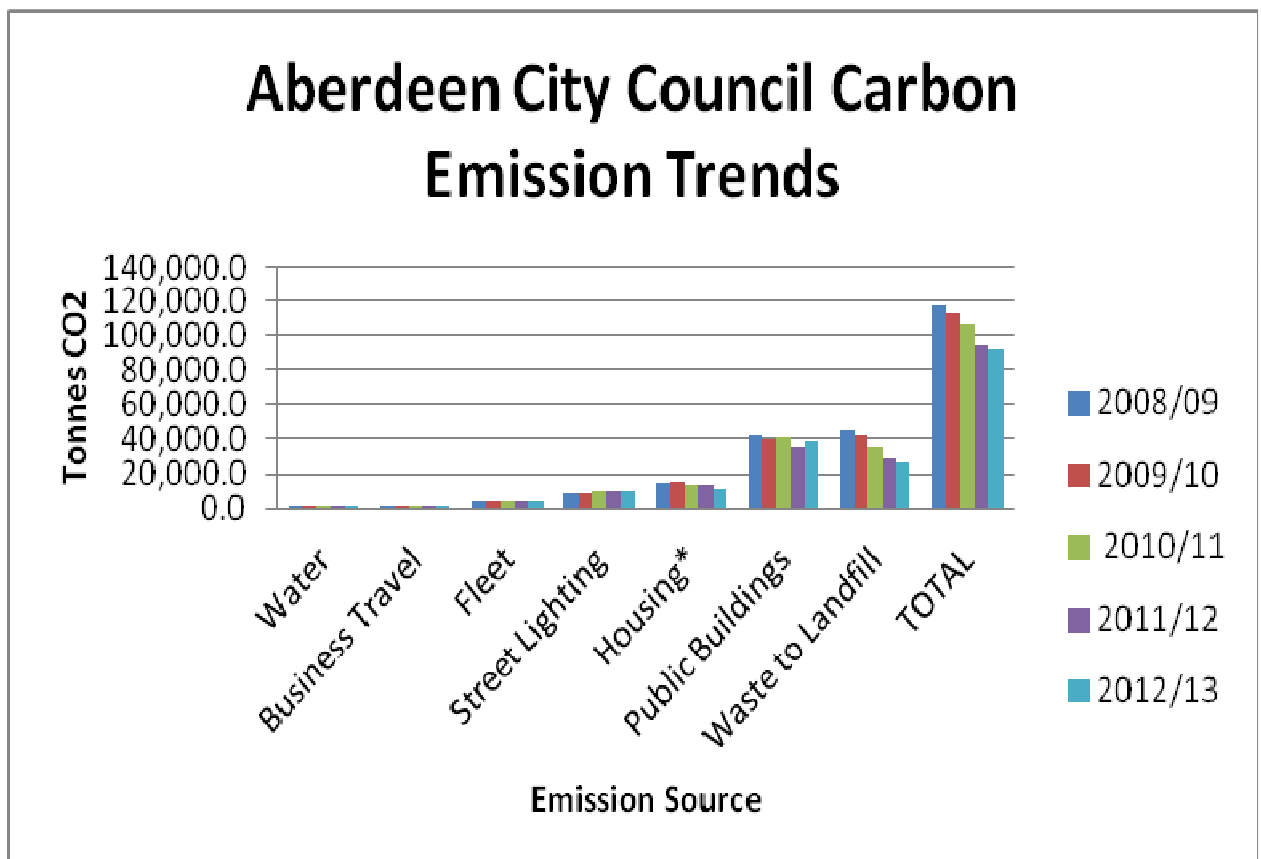
The target of 23% CO_2 reduction by 2015 equates to a reduction of 27,262 tonnes CO_2 over the course of the 5 year plan. This means a reduction of 4.6% must be achieved year on year until 2015 which equates to 5,452 tonnes CO_2 every year.

To date, the Council has achieved a 21.6 % reduction in its carbon footprint, the equivalent of 25,356 tonnes CO_2 since 2008/09. This means the Council is on track to meet its target of a 23% reduction in carbon emissions by 2015 but must continue this trend in order to meet our ambitious 2020 target of a 42% reduction in carbon emissions.

2) The proportion of operational accommodation that is in a satisfactory condition.

This year's satisfactory condition figure of 91.7% falls short of the 95% target, with the percentage falling by 2.3% on last year's figure. The trend shows a decline in the percentage of properties in satisfactory condition, which is a first since the commencement of this SPI. The decrease was predominately due to the resurvey and resulting down grading of two larger buildings. There are several Capital and C&S projects set to be completed in the next 12 months, which are likely to result in an improvement in the figure overall. Taking this into account a target for next year of 93 % has been set.
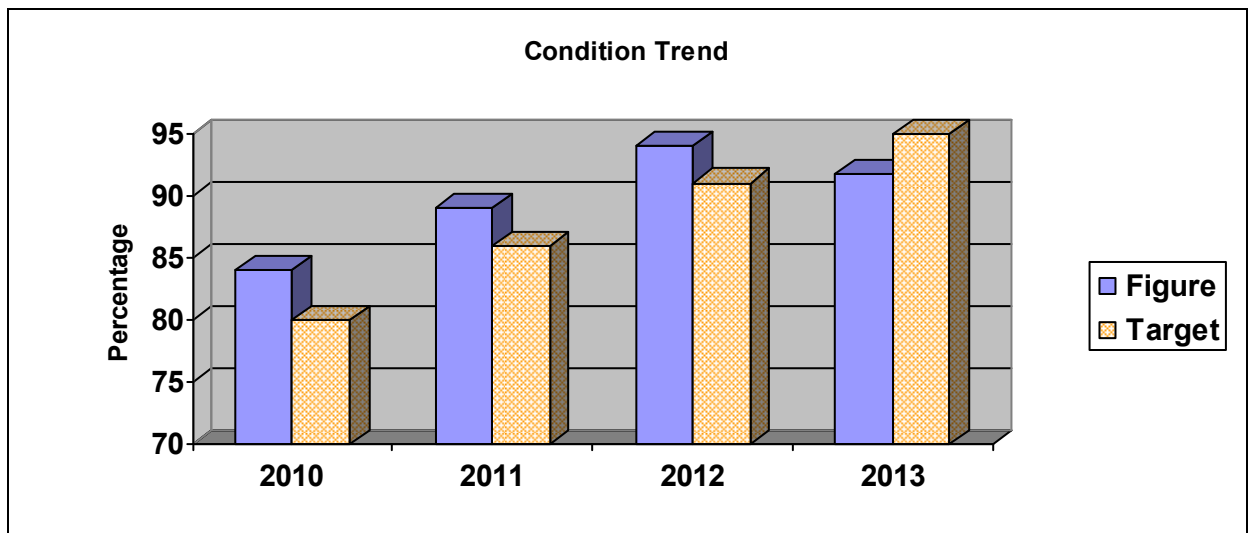
3) The proportion of operational accommodation that is suitable for its current use.

The figure has dropped very slightly from 81.5% to 80.9%. A drop was anticipated following the implementation of the non-schools form, which is now completed. The overall figure has declined over the four years of

reporting but to a lesser extent than expected. Capital projects due for completion over the next 12 months should result in a small number of assets becoming suitable but resurveys may well counteract this. Taking this into account the target is set at 81% which is a case of maintaining the current position.

Suitability Trend
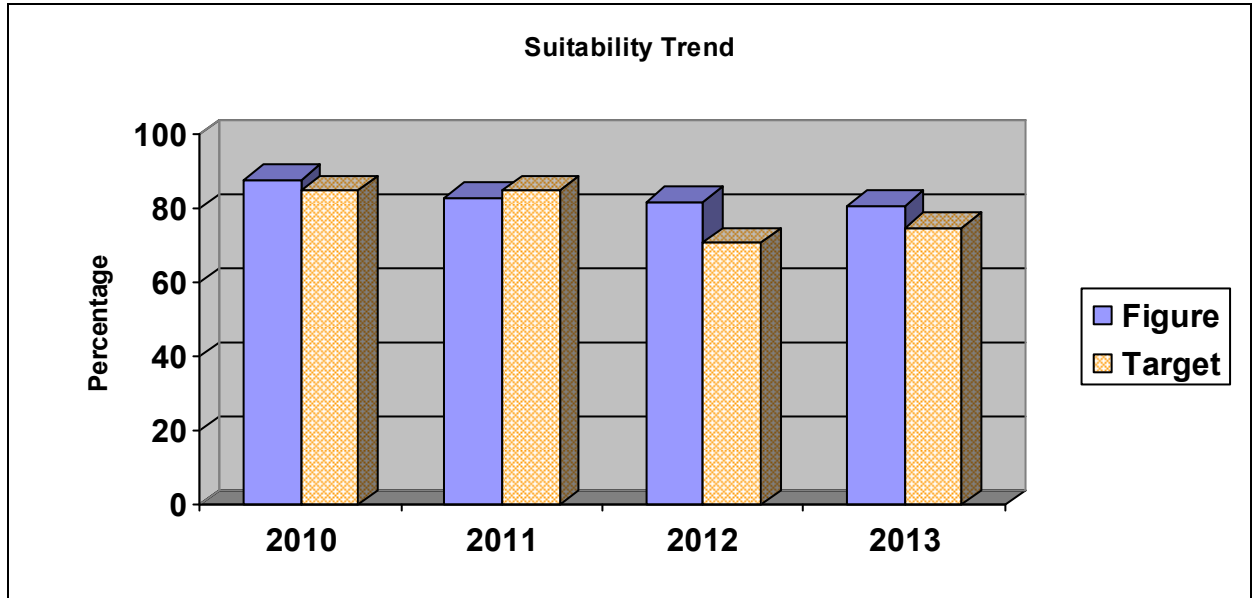
4) Road Condition Index (RCI)

The current RCI is 30.48% which is a decrease on the previous year. The deterioration profile is slowing down but the expectation is that without further additional expenditure it is going to continue to decline.

Year	% Network			RCI
	Red	Amber	Green	
2007-2009	4.2	20.3	75.4	24.6
2008-2010	7.46	23.74	68.8	31.2
2009-2011	8.87	25.86	65.3	34.7
2010-2011	7.26	25.15	67.6	32.4
2011-2012	6.3	24.18	69.52	30.48

5) Lighting Columns > 30 Years

A slight improvement was evident in the 2013 Statutory Performance Indicator return. However the Roads AMP has identified that the current budget provision is not sufficient to allow sufficient lighting columns exceeding their service life to be replaced. This will therefor lead to a decline in the figure in future years.

Year	Percentage Greater Than 30 Years
2007/08	28.65%
2008/09	27.24%
2009/10	37.74%
2010/11	34.90%
2011/12	32.63%
2012/13	31.09%

11. Capital Strategy and Funding – Non-Housing

11.1 Introduction

11.1.1 In 2013 the Council moved to a five year capital programme to allow for easier management and greater certainty. The Council faces real challenges in funding capital projects and the demands for new infrastructure and buildings. Recent years has seen a reduction in the capital programme when compared with the previous 5 years. As re-iterated in the SIP, it is a fundamental policy of the Council to reduce debt over the 5 Year Business Plan. As such, the majority of future capital programmes will be funded through the Scottish Government grant and capital receipts, or by Services allocating revenue funds for capital investment to avoid impacting on the overall debt position. In addition there is an increased incentive to identify traditional funding methods such as other grants as well as looking at alternative funding methods. This would include revenue options and partnership working.

11.1.2 The management of the capital programme is the responsibility of the Corporate Asset Group on behalf of CMT. A robust process is in place for the monitoring of the programme, which has been steadily refined over a number of years. A 2013 report from Audit Scotland titled 'Major Capital Investment in Councils' resulted in some further changes. Most importantly it was made clear that all projects within the capital programme must have detailed business cases. This was approved by the Finance, Policy & Resources Committee in September 2013. The value of quality business cases to effective capital planning cannot be understated. Currently steps are being taken to improve the quality and content of business cases, to revisit projects and the evidence supporting them and to ensure staff are adequately trained to support project governance.

11.1.3 The Council also has an approved corporate process for the prioritisation of non-housing capital bids. This process is due for review and the revised version will be submitted to Committee for approval during 2014. A robust process is essential as the investment needs now flowing from the AMP's exceed the available funding. Without this process in place funding may not be allocated to the correct priorities.

11.2 Non-Housing Capital Programme

11.2.1 A five year capital programme for financial years 2013/14 to 2017/18 was approved by Council in February 2013. The extended programme and funding strategies take account of changes to projects and the SIP, and is presented in conjunction with this plan for approval by Council. This programme will extend the current programme and funding strategies to 2018/19.

11.3 Capital Receipts

11.3.1 General Services - Capital receipts (sales of assets) are integral to the affordability of the current and future non-housing capital programme. The target for the General Services Account in 2013/14 was £3.5 million, with receipts totalling £4.1 million being received to date. A 5 year disposal programme is updated on a monthly basis. Projecting income from receipts over a longer period provides more flexibility especially as some asset disposals are dependent on planning permission and other conditions before the income from the sale can be received.

11.4 Developers Contributions

11.4.1 Developers contributions are monitored by the Asset Management Team, ensuring their allocation and subsequent spend. In some cases these contributions can be used to fund existing capital projects or used to enhance projects. These contributions are particularly important to the building of new schools.

11.4.2 The total agreed contributions from developers between 2007 and 2013 is £4.08m. It is expected that this figure will rise significantly as legal agreements from that period are being reviewed and from development flowing from the implementation of the Aberdeen Local Development Plan.

11.4.3 Significant residential developments within the masterplan will create requirements for new facilities. It is expected that this will result in large developers' contributions towards such facilities.

11.4.4 At the Enterprise, Strategic Planning & Infrastructure Committee meeting of 21 January 2014 the Local Development Plan, draft Supplementary Guidance - Infrastructure and Developers Contributions Manual was agreed for public consultation. The purpose of this Infrastructure and Developer Contributions Manual is to provide clear guidance on the methodology used to identify infrastructure requirements and the criteria that should be used to calculate developer contributions to support new development. Changes have been made to the Education, Open Space Core Paths and Water sections of the Supplementary Guidance as well as a general rationalisation of information contained within the document to aid clarity.

11.5 Alternative Funding

11.5.1 Pressures on the capital programme mean that alternative funding methods are becoming increasingly important. Recognised routes of applying for grant funding such as through the Heritage Lottery Fund has been successful in obtaining funding for the Duthie Park Restoration and similar assistance is being pursued in relation to the Art Gallery redevelopment.

11.5.2 Non-traditional routes are also being explored. The Scottish Government, through SFT have developed funding models using a non-profit distributing model to enable increasing numbers of developments to proceed. The new South of the City Academy will be delivered through this means via a Design Build Finance & Maintain (DBFM) contract provided by the Hub North Scotland Ltd.

12. Capital Strategy and Funding – Housing

12.1   Introduction

12.1.1 The Council is working towards a 30 year business plan which demonstrates the long term affordability of maintaining and improving the Council housing stock. The Housing Capital Programme is an integral element of the long term plan. The monies required to fund the housing capital programme can be achieved through a combination of external borrowing, capital grants and a revenue contribution. The primary revenue income is rent which means the Housing Capital Programme is closely tied to the rent strategy.

12.2   Approved Housing Capital Programme 2014/15 – 2018/19

12.2.1 The approved Housing Capital Programme is summarised below. Proposed works for the 2014/15 financial year have been produced using the information held on cyclical replacement of each element (central heating, kitchens, bathrooms etc) and community projects provided by key stakeholders.

Heading	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
SHQS	37,583	30,163	26,868	25,389	24,270
Non SHQS	3,935	2,487	2,104	2,037	2,045
Corporate Fees	5,405	4,424	3,961	3,756	3,599
Total	46,923	37,074	32,933	31,182	29,914

12.3   Future Investment

12.3.1 Future investment will be targeted on the basis of the outcomes from: the Housing Asset Management Plan, compliance with the Scottish Housing Quality Standard and the regulations contained within the proposed Scottish Government's "Energy Efficiency in Scottish Social Housing" which is due for publication shortly.

12.4   Capital Receipts

12.4.1 Capital receipts are not used to support the Housing Capital Programme and in most cases are relatively small in value. £243,277 of receipts has been achieved to date in 2013/14. Such receipts are used to reduce capital borrowing.

12.5   Developers Contributions

12.5.1 Developers contributions are not currently used to support the Housing Capital Programme. However developers contributions towards affordable housing helps support the Strategic Housing Investment Plan.

12.6   Alternative Funding

12.6.1 A Carbon Energy Savings Programme (CESP) grant of approximately £1.6 million each will be paid to Aberdeen City Council by Scottish Power before the end of the 2012/13 financial year following the over cladding and installation of a Combined Heat and Power to 198 flats in three multi storey blocks in the Seaton area.

12.6.2 A similar CESP grant of approximately £1.5 million each will be paid to Aberdeen City Council by Scottish and Southern Electricity during the 2013/14 financial year following the over cladding and installation of a Combined Heat and Power to 156 flats in three multi storey blocks in the Balnagask area.

12.6.3 Discussions are also currently in progress with Scottish and Southern Electricity with a view to securing a £420,000 ECO Pilot funding to assist with the insulation of external walls to 84 solid wall flats in Tullos Place and Grampian Place, Torry.

13. Key Priorities

13.1 Key Priority Tasks

13.1.1 The tasks below have been identified by the CAG as key to ensuring the continued implementation of asset management. The timetable may vary slightly depending on future Committee dates.

Target Date	Priority Task	Responsibility
Feb 2014	Corporate AMP Update Fleet AMP Update	EP&I EP&I
Mar 2014		
Apr 2014	1st Housing AMP	H&E
May 2014	EP&I Service AMP Update	EP&I
Jun 2014	Review and Update Capital Process 1st Open Space AMP 1st Infrastructure AMP	EP&I EP&I EP&I
Jul 2014		
Aug 2014	H&E Service AMP Update	H&E
Sep 2014	SC&W Service AMP Update EC&S Service AMP Update Open Space AMP Update Infrastructure AMP	SC&W EC&S EP&I EP&I
Oct 2014	Property AMP Update CG Service AMP Update	EP&I CG
Nov 2014		
Dec 2014	ICT AMP Update	CG
Jan 2015		
Feb 2015	Corporate AMP Update Fleet AMP Update	EP&I
Mar 2015		
Apr 2015	Housing AMP Update	H&E
May 2015	EP&I Service AMP Update	EP&I
Jun 2015	Review and Update Capital Process Open Space AMP Update Infrastructure AMP Update	EP&I EP&I EP&I
Jul 2015		
Aug 2015	H&E Service AMP Update	H&E
Sep 2015	SC&W Service AMP Update EC&S Service AMP Update Open Space AMP Update Infrastructure AMP	SC&W EC&S EP&I EP&I
Oct 2015	Property AMP Update CG Service AMP Update	EP&I CG
Nov 2015		
Dec 2015	ICT AMP Update	CG

14. Glossary of Terms

14.1.1

ACROYNM	TITLE	DESCRIPTION
APSE	Association for Public Service Excellence	Not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services.
AWPR	Aberdeen Western Peripheral Route	New road being developed to improve travel in and around Aberdeen and North-East Scotland.
CAG	Corporate Asset Group	Group of senior officers within Aberdeen City Council tasked with driving Asset Management.
CIPFA	Chartered Institute of Public Finance & Accountancy	Accountancy body for public services, whether in the public or private sectors.
CMT	Corporate Management Team	Consists of ACC Chief Executive and Directors, meeting on a regular basis.
DBFM	Design Build Finance & Maintain	Alternative method to financing construction projects through Capital. Similar to PPP.
GPsSPAG	Grampian Public Sector Strategic Property Asset Group	Group featuring Grampian Police, Grampian Fire & Rescue, NHS Grampian, Aberdeenshire Council, Moray Council and Aberdeen City Council.
NHT	National Housing Trust	Scottish Government funded initiative.
PAMP	Property Asset Management Plan	Strategic document covering the management of all property assets.
PAS	Pressured Area Status	Designation of an area which results in the suspension of the right to buy for up to 10 years.
PPP	Public Private Partnership	Alternative method to financing construction projects through Capital.
RCI	Roads Condition Index	An assessment of the condition of the roads network.
RTB	Right to Buy	Scheme entitling tenants to purchase
SAMP	Service Asset Management Plan	Asset Management Plan looking specifically at individual services and their requirements.
SCOTS	Society of Chief Officers of Transportation in Scotland	The society's work involves improving performance and innovation in the design, delivery and maintenance of transportation systems.
SEPA	Scottish Environment Protection Agency	Scotland's environmental regulator.
SFT	Scottish Futures Trust	Scottish Government funded organisation with wide ranging remit including Asset Management.

SHQS	Scottish Housing Quality Standard	The Scottish Government's principal measure of housing quality in Scotland.
SIP	Strategic Infrastructure Plan	Council strategic plan that sets out the five infrastructure priorities.
SUDS	Sustainable Urban Drainage Systems	Sequence of water management practices and facilities designed to drain surface water in a manner that will provide a more sustainable approach.
SW	Scottish Water	Publicly owned company providing a drinking water and waster water services.
TNRP	Tenanted Non-Residential Property	Assets not held for operational purposes and leased to third parties. Excludes housing including Staff Houses.

ABERDEEN CITY COUNCIL
2014/15 to 2016/17

THE PRUDENTIAL CODE
For Capital Finance in Local Authorities

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.

The key objectives of the Code are to ensure:-

- The Council's capital programmes are affordable, prudent and sustainable.
- Treasury management decisions are taken in accordance with good professional practice.

The Code also has the objectives of being consistent with and supporting local strategic
planning, local asset management planning and proper option appraisal.

In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing and non-housing capital programmes that the Council wishes to embark upon. The Code also requires that the underlying requirement to finance PPP projects and finance leases be included when setting the indicators.

The Code requires that the following Prudential Indicators are set for the Council:-

	Capital Expenditure				
	2012/13 £'000 Actual	2013/14 £'000 Estimate	2014/15 £'000 Estimate	2015/16 £'000 Estimate	2016/17 £'000 Estimate
Non HRA	26,487	54,196	94,783	107,922	93,935
HRA	36,997	36,033	41,762	32,992	29,310

	Ratio of Financing Costs to Net Revenue Stream				
	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non HRA	6.6%	6.9%	7.0%	7.1%	7.2%
HRA	17.1%	16.3%	17.1%	18.4%	18.8%

	Capital Financing Requirement				
	2012/13 £'000 Actual	2013/14 £'000 Estimate	2014/15 £'000 Estimate	2015/16 £'000 Estimate	2016/17 £'000 Estimate
Non HRA	498,321	497,816	494,351	487,696	479,254
HRA	234,504	242,283	256,321	261,006	260,464
Total	**732,825**	**740,099**	**750,672**	**748,702**	**739,718**

The Prudential Code states:
"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

The Head of Finance reports that the Council can meet this requirement in 2013/14, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt			
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Operational Boundary	745,510	762,353	766,653	763,939
10% Margin	74,551	76,235	76,665	76,394
Total	**820,061**	**838,588**	**843,318**	**840,333**

	Operational Boundary for External Debt			
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Borrowing	635,146	654,611	660,684	660,448
Other Long Term Liabilities	110,364	107,742	105,969	103,491
Total	**745,510**	**762,353**	**766,653**	**763,939**

The estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a)   for Band D Council Tax

2014/15	2015/16	2016/17
£0	£0 (Prov)	£0 (Prov)

(b)   for average weekly housing rents (assuming that increased capital investment   is financed by way of cfcr and borrowing)

2014/15	2015/16	2016/17
£1.36	£0.76	£0.44

ABERDEEN CITY COUNCIL

COMMITTEE	Council - Budget
DATE	6 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance)
TITLE OF REPORT	North East Scotland Pension Fund 2014/15 and indicative 2015/16 - 2018/19 Budget
REPORT NUMBER:	CG/14/007

1. **PURPOSE OF REPORT**

1.1 The purpose of this report is to provide Council with details of the budget included in the 2014/15 General Fund budget that relates to the North East Scotland Pension Fund (NESPF) and an indicative 2015/16 - 2018/19 Budget.

1.2 This cost is based on Aberdeen City Council's statutory obligation to administer the scheme, the costs of which are fully met by the NESPF.

2. **RECOMMENDATIONS**

2.1 It is recommended that Council:
    a) notes the provision contained within the Councils General Fund budget for 2014/15;
    b) notes the 2015/16 to 2018/19 indicative budget;
    c) instructs the Head of Finance to recover the actual costs from the NESPF; and
    d) notes progress on the introduction of a Service Level Agreement (SLA).

3. **FINANCIAL IMPLICATIONS**

3.1 This report outlines the costs that the City Council incurs in acting as the administering authority for the Fund. These costs are recovered from the NESPF.

3.2 In recovering these costs a great deal of staff time is required both during the year and at the year end to calculate and evidence the level of actual costs incurred both from the Council and the NESPF.

3.3 This is an inefficient use of staff time and could lead to cost variances during the year and increases the level of uncertainty of financial reporting during the year.

3.4 The Pension Fund Manager has drafted a Service Level Agreement which is a substantial document and is currently out for consultation across the Council's services. This document will -

- detail the level of service to be provided by the Council;
- provide details of the standard of work the NESPF can expect;
- clearly articulate the cost to the NESPF for these services; and
- demonstrate greater accountability and Best Value.

3.5 Once this exercise is completed it will be reported to the relevant Committees for both parties before being signed off and implemented.

4. **OTHER IMPLICATIONS**

4.1 Aberdeen City Council implemented auto-enrolment on 1 April 2013. This is part of the Government's policy to encourage people to save more for retirement.

4.2 Aberdeen City Council is the first local authority to have introduced this fully of all the North East Scotland Pension Fund admitted bodies. Aberdeenshire and Moray Councils are expected to join in September 2017.

5. **REPORT**

5.1 FUND STRUCTURE

5.1.1 The North East Scotland Pension Fund and the Aberdeen City Council Transport Fund are administered by Aberdeen City Council within the Local Government Pension Scheme regulations (2009).

5.1.2 The Scheme was established under the Superannuation Fund Act 1972 and is a statutory scheme contracted out of the Second State Pension Scheme. 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. Teachers.

5.1.3 Employees of admitted bodies can join the scheme subject to their individual admission criteria which are out with the control of Aberdeen City Council and administered by the NESPF.

5.2   <u>SCHEME GOVERNANCE</u>

5.2.1   Aberdeen City Council as the administering authority for the Pension Fund delegates all pension scheme matters to the Pensions Panel who have delegated powers. Support for the Pension Panel in investment matters is provided by the Joint Investment Advisory Committee. Support to both committees is provided by the Head of Finance and the Head of Legal & Democratic Services of Aberdeen City Council.

5.3   <u>KEY FACTS – as at 31 March 2013</u>

5.3.1   The Fund has 54,217 members and 55 scheme employers.

5.3.2   There are three main categories of membership, comprising of actively contributing members (20,869), members who have left employment but who have a deferred entitlement (16,876) and members in receipt of pensions (16,472).

5.3.3   A diversified portfolio of assets amounting to £2.6 billion is managed externally by a number of appointed fund managers.

5.3.4   Total pension contributions in 2012/13 were £102.5 million comprising employer contributions of £77.6 million and employee contributions of £24.9 million.

5.3.5   The fund made payments to retired members during 2012/13 amounting to £80 million. During the same period a total of £16 million of lump sum payments were also made.

5.3.6   In operating the Fund the appointed actuary will examine the level of future commitments against the value (and future value) of the Fund. This calculation is known as the "funding position".

5.3.7   The funding position shows the Funds ability to meet its future liabilities such that a 100% funded scheme has the financial resources to meet its future commitments.

5.3.8   This is based on a number of assumptions that takes into account a range of factors including age profile, mortality rates etc. As such the level the scheme is funded to will by its nature, vary. The actuary will therefore set the employer contribution rate based around this. Following the 31 March 2011 valuation the NESPF had a funding position of 88%. However, there is no current expectation that the employer rate will change for 2014/15.

5.4 KEY ACHIEVEMENTS – 2012/13

5.4.1 The Fund's outstanding achievement during 2012/2013 was the implementation of Altair Payroll, an integrated payroll system designed specifically to pay pension benefits. The project implementation started in March 2012 following an initial payroll survey, with data mapping being completed during July 2012.

5.4.2 Once these milestones were achieved Altair Payroll was run in parallel with the existing payroll system, going live during November 2012. The project was completed and signed off in March 2013 following the final merge of the standalone payroll database into the existing Altair live service. The new payroll system provides straight through processing while improving administration and eliminates many areas of risk.

5.4.3 New accounting and governance requirements saw the Fund publish its third Annual Report and Accounts separately from the accounts of Aberdeen City Council who acted as the Administering Authority for the financial year 2012/13.

5.4.4 The Pension Fund has produced an Annual Report of its performance and activities for the last 12 years. With effect from March 2011 the report became statutory with requirements to confirm the Fund's compliance with good Governance Practice and a management report explaining the Fund's overall investment performance.

5.4.5 The North East Scotland Pension Fund underperformed its customised benchmark over the year with a return of 12.89% versus the benchmark return of 14.64%. This underperformance is a combination of the continued restructuring of the Property portfolio and the underperformance from the Funds UK Equity portfolio. The fund continues to outperform its benchmark over the longer term.

5.4.6 The Fund was shorted listed once again in three categories of the Professional Pensions Scheme Awards. The awards recognise high standards of service delivery to members, use of technology and overall investment performance.

5.4.7 The Fund continues to recognise its role as a shareholder in terms of Corporate Governance and Responsible Investment as a signatory to the United Nations Principles for Responsible Investment and membership of the Local Authority Pension Fund Forum.

5.4.8 Officers continued to work with the Fund's global custodian over the year to enhance the quality of information provided to Elected Members, via the Pensions Panel, in terms of investment performance measurement and governance by the custodian.

5.4.9 The asset allocation of NESPF continues the Fund's commitment to invest in longer term performing assets such as UK & Overseas equities. The following diagram shows the allocation of assets as at 31 March 2013, as per the NESPF Annual Report 2013.

Asset allocation - Main Fund as at 31 March 2013
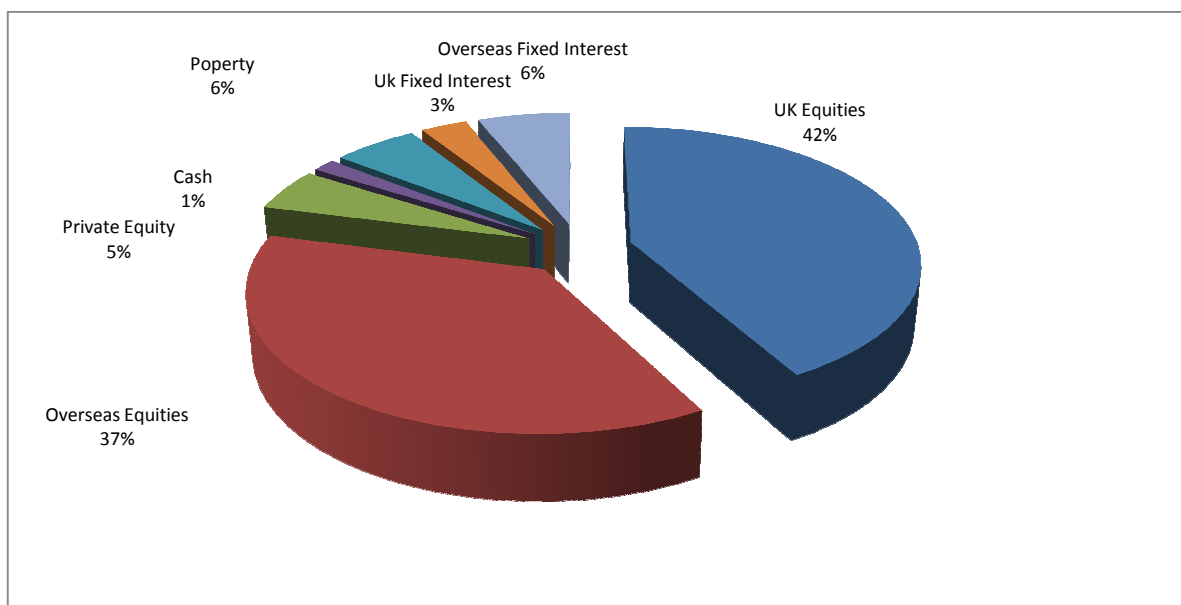
5.5 2014/15 BUDGET

5.5.1 The budget for Aberdeen City Council (ACC) for 2014/15 is estimated at £1.4 million and primarily relates to direct staff costs. Indicative budgets for the next 5 years are shown below. This aligns reporting on the Pension Fund budget, included in the ACC General Fund budget, to a 5 year cycle to dovetail with the now embedded process within ACC of Priority Based Budgeting which underpins the Five Year Business Plan.

Budget - cost areas	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Salary costs Direct salaries and costs for the management of the Fund	1,160	1,178	1,195	1,213	1,231
Support Costs Property, ICT, Payroll, Legal, Human Resources, Accounting Services	256	259	263	267	271
Total estimate recharge	**1,416**	**1,437**	**1,458**	**1,480**	**1,502**

5.6 **GOVERNANCE**

5.6.1 The Pension Fund budgeted costs for salaries and direct costs are included in monthly monitoring reports to the Service and Corporate Management Teams. The Head of Finance reports to the Pensions Panel on a 6 monthly basis.

6. **IMPACT**

6.1 The Pension Fund budget promotes accountability and gives reassurance to the stakeholders in the Pension Fund. This report ensures transparency in costs from the administrator of the fund.

7. **BACKGROUND PAPERS**

North East Scotland Pension Fund Annual Report & Accounts (2012/2013) and Fund Governance Policy Statement.

8. **REPORT AUTHOR DETAILS**

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	6 February 2014
LEAD OFFICER	Valerie Watts, Chief Executive
TITLE OF REPORT	Common Good Budget 2014/15 and indicative 2015/16 – 2018/19 Budgets
REPORT NUMBER:	OCE/14/003

1.   PURPOSE OF REPORT

This report submits for elected members' consideration the draft Common Good budget for 2014/15, along with an indicative 2015/16 - 2018/19 budgets.

2.   RECOMMENDATIONS

It is recommended that the Council: -

a)   approves the Common Good budget for 2014/15 as detailed in appendix 1 to this report;

b)   considers and decides upon the grant to Aberdeen Performing Arts in relation to the additional rental space of the Lemon Tree;

c)   considers and decides upon the notice of motion in the name of Councillor Greig in relation to the requested allocation of £20,000 towards the costs of work at the Queen Mother Rose Garden, Hazlehead Park;

d)   notes the decision of Police Scotland to introduce cost recovery arrangements for events policing; and

e)   notes the 2015/16 – 2018/19 indicative Common Good budgets set out in appendix 1.

3.   FINANCIAL IMPLICATIONS

3.1   The report outlines proposals for the Common Good budget for the financial year 2014/15 and indicative figures for the following 4 years.

3.2   It also contains details of the value of the Common Good's cash balances, projected over the 5 year period.

3.3   During the financial year 2014/15, a full review of the Common Good budget will be undertaken in line with the Council's budgeting process.

4.   OTHER IMPLICATIONS

4.1   Common Good funds provide support to a range of services and projects both within and outwith the Council. Should funding not be provided there may be a risk that the services and projects would no longer be delivered.

5.   BACKGROUND/MAIN ISSUES

Introduction

5.1   In preparing a draft Common Good budget for 2014/15, the financial strategy approved by the Finance & Resources Committee of 6th December 2012 has been applied. This is attached at Appendix 2.

5.2   A report on the origin, history and purposes for which the Common Good may be used was prepared on 15th 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 for the use of Common Good monies: -

*   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 in the bona fide and reasonable judgment of the Council, is for the good of the community as a whole or which the inhabitants at large may share.

5.3   It was also outlined that the prime purpose of the Council is to ensure that the Common Good is prudently conserved.

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

Projected Out-turn 2013/14

5.5   The projected outturn for 2013/14 shows a deficit of £805,000 compared with a budgeted deficit of £474,000.

5.6   The detrimental movement of £331,000 comparing budget to out-turn is primarily due to tenant compensation of £500,000 to allow land to be released for development.

Draft Budget 2014/15

5.7   In developing the draft Common Good budget for 2014/2015, input has been sought from those external bodies currently supported by the Common Good and from various Council officers responsible for the different expenditure and income lines.

5.8   Rental income is based on projections provided by the Asset Management team within Enterprise, Planning & Infrastructure.

5.9   The draft budget for 2014/15 is provided at **Appendix 1**. As can be seen, given the requests made expenditure for the year will exceed income by £723,000 for 2014/15. If approval is given for this level of expenditure, the balance on the Common Good Fund at 31st March 2015 is estimated to be £6.33m. This meets the requirements of the cash balances strategy approved by the Finance & Resources Committee on 6th December 2012 and set out below.

5.10   At its meeting of 24th September 2013 the Finance, Policy and Resources Committee had before it a report by the Director of Enterprise, Planning and Infrastructure on the lease of the Lemon Tree, West North Street (EPI/13/168). In relation to the granting of twenty five year leases to Aberdeen Performing Arts (APA) for both the Lemon Tree, West North Street and a neighbouring office property at Shoe Lane the Committee agreed that the grant to APA be looked at again in February 2014 as part of the budget process.

5.11   The draft budget for 2014/2015 includes an allocation of £36,000 towards the cost of the annual rental of the Lemon Tree. The annual rental of the office property at Shoe Lane is £10,000 and the Council is requested to consider and decide whether or not an additional grant of £10,000 should be made to APA towards this cost.

5.12   At its meeting of 18th December 2013 the Council had before it a notice of motion in the name of Councillor Greig in the following terms:-

> "That this Council agrees to allocate £20,000 from the Common Good Fund towards work being undertaken by the Council to maintain and upgrade the Queen Mother Rose Garden in Hazlehead."

The Council resolved that the motion be considered as part of the budget process. Members are therefore requested to consider and decide upon the request.

5.13   Since the current report was drafted and presented to the Finance, Policy and Resources Committee at its meeting on 5th December 2013 Council officers have been informed by colleagues at Police Scotland that cost recovery arrangements are being introduced for the provision of policing at events. Discussions are ongoing with Police Scotland and further reports will be brought to the appropriate Committee once the implications to the Council of this change of policy are clarified.

Cash Balances

5.14   Based on the budget projections for 2014/15, there are projected cash balances of £6.33 million as at 31st March 2015.

5.15   The strategy for cash balances for the Common Good Fund is to limit expenditure to a level which will allow for working balances to be maintained to a point whereby two years' worth of future Common Good expenditure could be met if required.

5.16   Current draft budgeted expenditure for the two year period 2015/16 and 2016/17 totals £5.84m. Given the estimated budgeted balances on 31st March 2015 of £6.33m, the requirements of the strategy are met and additional expenditure of up to £488,000 on one-off items would be possible during the period 2014/15 – 2016/17.

5.17   Members will of course be mindful that it is the duty of the Council as trustees of the Common Good to ensure that the cash balances are maintained, and that the Common Good is preserved for future generations.

6.   IMPACT

6.1   It is essential that the value of the Common Good is preserved in such a way as to allow it to continue to be able to support in the long term an extensive portfolio of activities, projects, services and events.

7.   BACKGROUND PAPERS

Common Good Budget 2013/2014 and indicative 2014/15 – 2017/18 Budget (CG/12/124)

8.   REPORT AUTHOR DETAILS

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Common Good Fund Budget (Appendix 1)								
DRAFT		2014/15	2015/16	2016/17	2017/18	2018/19		
		Budget	Budget	Budget	Budget	Budget		
Note		£000	£000	£000	£000	£000		
	General Properties/Estates							
1	Insurance Costs	16	16	16	16	16		
2	Repairs and Maintenance	85	85	85	85	85		
		101	101	101	101	101		
	Other Expenses							
3	St Nicholas Carillon	6	6	6	6	6		
4	Printing and Other Sundries	3	3	3	3	3		
5	Official Catering	17	17	17	17	17		
		26	26	26	26	26		
	Donations, Grants, Contributions							
6	Aberdeen Citizen's Advice Bureau	276	281	286	292	297		
7	Twinning Activities	137	137	137	137	137		
8	Contributions to Trusts & Festivals	325	325	325	325	325		
9	Techfest	37	37	37	37	37		
10	Satrosphere Rent	39	39	39	39	39		
11	Bulawayo Trust	45	45	45	45	45		
12	Gomel Trust	22	17	17	17	17		
13	Mary Garden Prize	2	2	2	2	2		
14	Quincentenary Prizes	3	3	3	3	3		
15	Aberdeen Performing Arts Contribution - Stage 1 Agreeme	75	75	75	75	75		
16	Aberdeen Safer Community Trust	58	58	58	60	60		
17	Youth Activities Small Grant Funding	50	50	50	50	50		
18	Castlegate Arts Rent	8	8	8	8	8		
19	Events Funding							
	- Tartan Day	0	0	0	0	0		
	- Armed Forces/Veterans Day	10	0	0	0	0		
	- Galas	10	0	0	0	0		
	- Aberdeen Winter Festival - Fireworks Display	25	0	0	0	0		
	- Aberdeen Winter Festival - Nativity Scene	6	0	0	0	0		
	- Aberdeen Day	20	0	0	0	0		
	Events	0	70	70	70	70		
20	Lemon Tree Rent	36	36	36	36	36		
21	Crematorium Bus	48	48	48	48	48		
22	Hogmanay Celebrations	200	200	200	200	200		
		1,431	1,430	1,435	1,442	1,448		
	Promoting Aberdeen							
23	Festive Community Grants	4	4	4	4	4		
24	Civic Support	268	268	268	268	268		
25	Christmas Illuminations and Festivals	169	164	173	168	168		
26	Entertainment for Elderly/Disabled Citizens	215	235	255	275	295		
27	Older Persons Development Officer	18	18	18	18	18		
28	Civic Receptions	150	150	150	150	150		
29	Civic Hospitality	20	20	20	20	20		
		845	860	889	904	924		
	Other Expenditure							
30	Archivist Unit	199	199	199	199	199		
31	Central Support Services	120	120	120	120	120		
		319	319	319	319	319		
	Other Projects							
32	Home Safety Check Scheme	71	75	78	81	84		
33	Charity Shop	16	16	16	16	16		
34	Community Safety Initiatives	2	2	2	2	2		
		89	93	96	99	102		
	Other Recurring Expenditure							
35	Civic Gift Fund	18	18	18	18	18		
36	Lord Lieutenancy and other duties	7	7	7	7	7		
37	Armistice Day Expenses	6	6	6	6	6		
38	Picture Loan Scheme	15	15	15	15	15		
39	Business Investment Fund	25	25	25	25	25		
		70	70	70	70	70		
	Recurring Expenditure	**2,880**	**2,897**	**2,935**	**2,960**	**2,989**		
	Non Recurring Expenditure Items							
40	Steading at Kepplestone & Kirkhills Farm	127	0	0	0	0		
41	Fernhill Farm Replacement Building	40	0	0	0	0		
42	Consultancy Costs	100	0	0	0	0		
43	4 Scots Homecoming Parade	6	0	0	0	0		
44	Auchmill Golf Course (Greenfern)	239	0	0	0	0		
45	Repairs & Maintenance - Electrics/Asbestos	323	0	0	0	0		
46	Lord Provost Portrait	0	0	5	5	0		
		835	0	5	5	0		
	ORDINARY EXPENDITURE	**3,715**	**2,897**	**2,940**	**2,965**	**2,989**		
47	Invested in Loans Fund	3,000	3,000	3,000	3,000	3,000		
	TOTAL EXPENDITURE	**6,715**	**5,897**	**5,940**	**5,965**	**5,989**		
48	Income from Properties and Estates	(2,833)	(2,860)	(2,900)	(2,927)	(2,927)		
49	Interest on Invested Funds	(89)	(89)	(89)	(91)	(92)		
50	Lands of Skene/Torry (Share of Surplus)	(70)	(70)	(70)	(70)	(70)		
51	Burgesses of Guild and Trade	(0)	(0)	(0)	(0)	(0)		
	ORDINARY INCOME	**(2,992)**	**(3,019)**	**(3,059)**	**(3,088)**	**(3,089)**		
52	Income from sale of land Pinewood/Hazledene	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)		
	TOTAL INCOME	**(5,992)**	**(6,019)**	**(6,059)**	**(6,088)**	**(6,089)**		
	Net (Surplus)/Deficit	**723**	**(122)**	**(119)**	**(123)**	**(101)**		
53	**Movement in Reserves**							
	Projected Balance at 31 March 2014	(7,048)						
	Estimated Movement in 2014/15	723						
	Projected Balance at 31 March 2015	(6,325)	(6,325)					
	Estimated Movement in 2015/16		(122)					
	Projected Balance at 31 March 2016		(6,447)	(6,447)				
	Estimated Movement in 2016/17			(119)				
	Projected Balance at 31 March 2017			(6,566)	(6,566)			
	Estimated Movement in 2017/18				(123)			
	Projected Balance at 31 March 2018				(6,690)	(6,690)		
	Estimated Movement in 2018/19					(101)		
	Projected Balance at 31 March 2019					(6,790)		

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Notes to accompany Common Good Budget

Note 1
Insurance costs for properties owned by the Common Good.

Note 2
Repairs and maintenance costs for properties owned by the Common Good.

Note 3
A contribution towards the fees paid to the Carillonneur.

Note 4
Items including the printing of the Town House brochure and promoting the Office of the Lord Provost.

Note 5
Provision of refreshments during official City Council business.

Note 6
Core funding for Aberdeen Citizen's Advice Bureau.

Note 7
Provision of financial and organisational support to people, communities and organisations in the City wishing to become involved in twin city projects, and also contributes to the costs of a Twinning Officer.

Note 8
Contribution towards the costs of Aberdeen International Youth Festival, the Lemon Tree and Peacock Visual Arts.

Note 9
Contribution towards the running costs of the City's annual Techfest festival.

Note 10
Grant to cover the cost of Satrosphere's rental of premises from Aberdeen City Council.

Note 11
Contribution towards the Aberdeen Bulawayo Trust, which provides support to people in Bulawayo, primarily focusing on the development of self- sustaining market gardens and the repair and maintenance of homes and shelters.

Note 12
Contribution towards the Aberdeen Gomel Trust, which addresses and helps to resolve the medical, nutritional, social and spiritual problems experienced by the people of Gomel.

Note 13
Funding for the Mary Garden Prize, currently presented as part of the Aberdeen International Youth Festival.

Note 14
3 annual £1,000 awards for the Quincentenary Prize, presented by the University of Aberdeen since 1995 to commemorate the 500th Anniversary of King's College.

Note 15
Match funding for Aberdeen Performing Arts in relation to a grant awarded by Creative Scotland towards the costs of programming at His Majesty's Theatre.

Note 16
Core funding for Aberdeen Safer Community Trust.

Note 17
City Council youth activity small grants scheme. This scheme offers young people opportunities to contribute to their own communities and to the life of the city.

Note 18
Grant to cover the cost of the rental of the Arts Centre.

Note 19
Funding towards the costs of organizing the events listed.

Note 20
Grant to cover the cost of the rental of the Lemon Tree.

Note 21
Budget to provide for a bus service to the crematorium.

Note 22
Funding for the City's Hogmanay celebrations

Note 23
Budget towards the costs of festive events held at the Council's leased community centres.

Note 24
Budget for the Civic Support team, incorporating the Lord Provost's secretariat, Town Sergeants and civic transportation.

Note 25
Budget for the cost of the Christmas illuminations.

Note 26
Budget to cover the costs of administering and delivering the 50+ development programme and entertainment for the elderly and disabled.

Note 27
Budget to cover the salary costs of a development officer to work with elderly citizens.

<u>Note 28</u>
Budget to cover the costs of hosting civic receptions.

<u>Note 29</u>
Budget for promotional civic hospitality.

<u>Note 30</u>
Contribution towards the costs of running the City Archive Unit.

<u>Note 31</u>
Budget to cover the allocation of central support costs such as finance, HR and office accommodation.

<u>Note 32</u>
Funding for the Home Safety Check Scheme run by Aberdeen City Council.

<u>Note 33</u>
Budget to cover the rental and running costs for the charity shop in George Street.

<u>Note 34</u>
Funding for the Personal Alarms distributed on behalf of the City Council by Aberdeen Safer Community Trust.

<u>Note 35</u>
The Civic Gift Fund provides a budget for the purchase of gifts presented to guest and visitors by the Lord Provost on behalf of the City.

<u>Note 36</u>
This budget covers the costs incurred by the Lord Provost in discharging his duties as Lord Lieutenant.

<u>Note 37</u>
Budget for the costs of the annual of the Armistice Day event.

<u>Note 38</u>
Funding for pictures loaned from the Art Gallery for display in other Council buildings.

<u>Note 39</u>
Funding towards the costs of the Depute Provost's activities in building and enhancing business links for the benefit of the City of Aberdeen.

Items 40 to 48 are one-off items of expenditure and therefore non-recurring.

<u>Note 40</u>
Budget for the rebuild of a steading at Kepplestone and Kirkhills Farm. The buildings have now been in a poor condition for some time and are long overdue for replacement.

Note 41
Replacing a building at Fernhill Farm which has been demolished as it was dangerous.

Note 42
Budget for consultancy costs in relation to the properties owned by the Common Good.

Note 43
Funding towards the costs of 4 Scots Homecoming Parade down Union Street.

Note 44
Funding the costs of the Auchmill Golf Course works as part of the Greenferns Development. This is the amount over the earmarked reserves already set aside.

Note 45
Funding the costs of electrical and asbestos surveys on properties owned by the Common Good as there are a number of properties in need of upgrading.

Note 46
This is a budget to cover the future costs of providing a Lord Provost portrait.

Note 47
This is the investment of the income from the sale of land at Pinewood.

Note 48
Around 100 properties have registerable leases on land owned by the Common Good. In addition to this, the Common Good owns land at Brimmond Hill, Hazlehead, Hilton, Hillhead of Pitfodels, Kincorth, Kepplehills, Tullos and Mastrick, all of which generate income for the Common Good.

Note 49
This is a budget to cover interest received on invested funds.

Note 50
The Common Good owns 51% of the Lands of Torry Trust and 30% of the Lands of Skene Trust. These trusts earn income in rents and interest from investment.

Note 51
This is a budget to represent income from admission fees for Burgesses of Guild and Trade.

Note 52
This is the income from the sale of land at Pinewood.

Note 53
This line represents the movement in the Common Good's cash reserves.

Appendix 2 – Common Good Financial Strategy

(As approved by Finance & Resources Committee 6th December 2012)

This document sets out a financial strategy for the Common Good Fund, defining the governance arrangements and the level of minimum working balances to be retained by the Fund.

In terms of financial planning and strategy, there are two elements to be considered:

1. Working Balances
2. Surplus Funds

1.   Working Balances

It is recommended that a minimum of two years' worth of expenditure is retained as working cash balances, and that this is invested with the loans fund for a period of under one year. This allows for prudent financial management and financial planning by partner/external organisations who receive Common Good funding.

2.   Surplus Funds

Surplus funds are defined as cash balances in excess of (1) above and would include any future capital receipts that may be realised.

Investment/Borrowing

The current position with regard to Aberdeen City Council's (ACC) investments and borrowing is as follows:

Special arrangements exist for Common Good deposits of up to £5 million, invested for less than one year, which currently receive interest of around 2%;

Other temporary investments in the Loans Fund receive approximately 1% per annum;

Borrowing from the Council Public Works Loans Board (PWLB) costs 3.8% per annum.

The Common Good Fund could, alternatively, make its surplus funds available to ACC and its counter party organisations. Counter party organisations are organisations with which ACC has borrowing/lending arrangements, and are attached below. As the Council can borrow at 3.8% currently, then in order to make the possibility of ACC taking money on deposit from the Common Good Fund an attractive one, Aberdeen City Council would require a discount of 0.5% on PWLB rates, over a maximum period of 5 years in line with the Council's 5 year budget.

Thus the Common Good fund would receive an interest rate of 3.3% when investing its surplus funds with ACC or its counter party organisations.

Any capital receipts should be invested in a manner such that a constant income is received over the 5 year period, and the investment maintains a solid income stream for the Common Good over the longer term.

Acquisition of Land

As a further alternative to investing surplus funds, or using them as a mechanism for lending, the Council could invest in additional land or property for the benefit of the general public.

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