Public Document Pack

ABERDEEN
CITY COUNCIL

To: Councillor Young, Convener; Councillor Forsyth, Vice-Convener; and Councillors Allan, Cameron, Crockett, Dickson, Donnelly, Jackie Dunbar, Grant, Laing, McCaig, Milne, Noble, Reynolds and Yuill.

Town House,
ABERDEEN 12 February 2014

FINANCE, POLICY AND RESOURCES COMMITTEE

The Members of the **FINANCE, POLICY AND RESOURCES COMMITTEE** are requested to meet in Committee Room 2 - Town House on **THURSDAY, 20 FEBRUARY 2014 at 2.00 pm**.

Would Members please note that Aberdeen and Grampian Chamber of Commerce will provide a presentation in relation to funding for members immediately prior to the Committee at 1.30pm on 20 February in Committee 2.

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

DETERMINATION OF EXEMPT BUSINESS

1.1 Determination of Exempt Items of Business

REQUESTS FOR DEPUTATIONS

2.1 None received at this stage

MINUTES, COMMITTEE BUSINESS STATEMENT AND MOTIONS LIST

3.1 Minute of Previous Meeting of 5 December 2013 (Pages 1 - 18)

3.2 Committee Business Statement (Pages 19 - 30)

3.3 Motions List (Pages 31 - 34)

MOTIONS

REFERRALS FROM OTHER COMMITTEES

CORPORATE GOVERNANCE SERVICE ISSUES

FINANCE

HUMAN RESOURCES

STAFFING - BUSINESS CASES

APPROVAL TO PROCURE

10.3 Request for Approval of Expenditure for External Support Relating to the City Deal Fund (Pages 93 - 96)

10.4 Request for Authority to Procure Employee Benefits (Pages 97 - 100)

GENERAL BUSINESS

11.1 Motion by Councillor McCaig - Funding Report (Pages 101 - 152)

11.2 Empty Properties - Council Tax (Pages 153 - 160)

ITEMS WHICH THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

REFERRALS

12.1 There are no reports under this heading

GENERAL BUSINESS

13.1 Update on Transfer of Ownership of Thomas Blake Glover House (Pages 161 - 172)

13.2 Satrosphere (Pages 173 - 210)

13.3 Premises at 132 Wellington Road (Pages 211 - 218)

13.4 Social Care and Wellbeing Management Structure Investigation (Pages 219 - 222)

13.5 Procurement Transformation Programme (Pages 223 - 254)

FINANCE

14.1 There are no reports under this heading

HUMAN RESOURCES

15.1 There are no reports under this heading

STAFFING - BUSINESS CASES

16.1 Enterprise, Planning and Infrastructure Directorate Restructuring (Pages 255 - 268)

16.2 Central Procurement Unit (CPU) Restructure (Pages 269 - 286)

16.3 Proposed Realignment of the Accounts Payable Team to the Central Procurement Unit (Pages 287 - 292)

16.4 Proposed Realignment of the Programme Management Office to the Central Procurement Unit (Pages 293 - 296)

APPROVAL TO PROCURE

17.1 There are no reports under this heading

Website Address: www.aberdeencity.gov.uk

To access the Information Bulletins for this Committee please use the following link: http://committees.aberdeencity.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13007&path=13004

Should you require any further information about this agenda, please contact Allison Swanson, tel. (52)2822 or email aswanson@aberdeencity.gov.uk

FINANCE, POLICY AND RESOURCES COMMITTEE

ABERDEEN, 5 December 2013 - minute of meeting of the FINANCE, POLICY AND RESOURCES COMMITTEE. Present: Councillor Young, Convener; Councillor Forsyth (Vice Convener); and Councillors Allan, Cameron, Cooney (as a substitute for Councillor Crockett for item 31 only), Crockett (for articles 1 to 30), Dickson, Donnelly, Jackie Dunbar, Laing, McCaig, Milne, Noble, Reynolds, Taylor (as a substitute for Councillor Grant) and Yuill.

The agenda and reports associated with this minute can be located at the following link:-
HTTP://COMMITTEES.ABERDEENCITY.GOV.UK/IELISTDOCUMENTS.ASPX?CID=146&MID=2904&VER=4

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be altered retrospectively.

DETERMINATION OF EXEMPT ITEMS OF BUSINESS

1. The Convener proposed that the Committee consider those reports identified on the agenda as being for determination in private, with the press and public excluded.

The Committee resolved:-
in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from item 10.1 of the agenda (article 24 of this minute) onwards so as to avoid disclosure of information of the classes described in the following paragraphs of Schedule 7(A) to the Act: article 24 (paragraph 9), article 25 (paragraphs 4,6,8 and 9), article 26 (paragraph 1), article 27 (paragraph 10), article 28 (paragraph 8), article 29 (paragraphs 6,8 and 10), article 30 (paragraph 9) and article 31 (paragraph 12).

AGENDA ORDER

2. The Convener proposed that the Committee consider item 12.3 (Learning Disability Transformation Programme Planning and Development Manager) following the first item of business on today's agenda and item 14.1 (Transfer of Ownership of Thomas Blake Glover House) as the last item of business.

The Committee resolved:
to concur with the proposals of the Convener.

In accordance with the decision recorded under article 1 of this minute, the following item was considered with the press and public excluded.

LEARNING DISABILITY TRANSFORMATION PROGRAMME PLANNING AND DEVELOPMENT MANAGER

3. The Committee had before it a business case by the Director of Social Care and Wellbeing which sought approval of the establishment of one FTE fixed term Learning Disability Transformation Programme Planning and Development Manager post at G16 to cover the required duties relating to the learning Disability Transformation Programme.

The Committee resolved:-
to approve the business case.

MINUTE OF PREVIOUS MEETING

4. The Committee had before it the minute of its previous meeting of 26 September 2013.

The Committee resolved:-
to approve the minute as a correct record.

COMMITTEE BUSINESS STATEMENT

5. The Committee had before it a statement of pending and outstanding committee business, as prepared by the Head of Legal and Democratic Services.

In relation to item 7 (Joint Commissioning Strategy for Older People 2013-2023 – Financial Framework, the Committee heard from the Head of Adult Services who provided an update on the development of an integrated budget for the joint commissioning for older people's services. He explained that Council's element of the integrated budget was clear, however guidance from the Scottish Government on the NHS component of the budget was still awaited. Once the guidance had been received the service would be in a position to report the baseline integrated budget.

The Committee resolved:-
(i) to note that reports on items 2 (North East Scotland Japan Trust Loan Request), 4 (Satrosphere), 8 (Haudagain Upgrade – A Way Forward – Middlefield), 11 (Grampian Joint Police Board Draft Statement of Accounts 2012/2013), 14 (Sickness Absence Performance), 17 (Social Care and Wellbeing Management Structure - Monitoring Officer Investigation) were to be considered on today's agenda and to remove these items subject to the decision taken;
(ii) in relation to item 7 (Joint Commissioning Strategy for Older People 2013-2023 – Financial Framework), to note the verbal update provided by the Head of Adult Service;
(iii) to delete item 5 (Local Authority Mortgage Scheme); and
(iv) to otherwise note the updates provided.

MOTIONS LIST

6. The Committee had before it the outstanding motions list, as prepared by the Head of Legal and Democratic Services.

In relation to motion 1 (Motion by Councillor McCaig – Business Rates Incentive Scheme (BRIS)), the Committee heard from the acting Head of Finance who advised that detail regarding the operation of BRIS was still awaited from the Scottish Government. Once this information had been received, a report would be prepared and submitted to the next meeting of this Committee. Separately, a draft report providing financial information on business rates had been received from the Aberdeen and Grampian Chamber of Commerce (AGCC) and it was envisaged that this report would be finalised in time to be submitted to the next meeting of this Committee for consideration.

The Committee resolved:-
(i) in relation to motion 1 (Motion by Councillor McCaig – BRIS), to note that it was envisaged that reports (a) on the operation of BRIS and (b) by the AGCC providing financial information on business rates, would be submitted to its next meeting; and to request AGCC to provide a presentation on its report to members prior to consideration of the report at its next meeting; and
(ii) in relation to motion 2 (Motion by Councillor Greig - Policing Museum), to agree, in light of the Committee's decision at its previous meeting, that the motion be transferred to the Education, Culture and Sport Committee motions list.

SCHOOL SERVER REFRESH AND RATIONALISATION (ECS/13/071)

7. Reference was made to article 12 of the minute of the meeting the Education, Culture and Sport Committee of 21 November 2013, at which time members agreed, amongst other things, to refer the report before it on the refreshing and rationalisation of the server estate of the Council's educational establishments by means of the development and implementation of a virtualised server infrastructure to this Committee for approval of the required capital and revenue expenditure from existing budgets as described in the report. The Committee had before it on this day the report as submitted to the Education, Culture and Sport Committee.

The Committee resolved:-
to defer consideration of the report to the next meeting of Council on 18 December 2013 to enable Trades Unions to provide comments.

INTERNAL WASTE IMPLEMENTATION PLAN (EPI/13/199)

8. Reference was made to article 21 of the minute of meeting of the Enterprise, Strategic Planning and Infrastructure Committee of 12 November 2013 at which time members approved the Internal Waste Minimisation Plan, and referred this Plan to all Service Committees for endorsement. The Committee had before it on this day, the report as presented to the Enterprise, Strategic Planning and Infrastructure Committee, and the Internal Waste Minimisation Plan, as appended to the report.

The Committee resolved:
to endorse the Internal Waste Minimisation Plan.

CITY EVENTS AND TWINNING (EPI/13/185)

9. Reference was made to article 32 of the minute of the meeting of the Enterprise, Strategic Planning and Infrastructure Committee of 12 November 2013, at which time members agreed to approve the proposed City Events programme for 2014/2015 and to refer the report to this Committee for consideration of the allocation of monies from the Common Good Fund and General Fund towards its delivery. The Committee had before it on this day the report as submitted to the Enterprise, Strategic Planning and Infrastructure Committee.

The Committee resolved:-
to approve the requested allocation of monies as detailed in the report from the Common Good Fund and General Fund towards the delivery of the City Events programme 2014/2015.

COMMONWEALTH TRAVEL BURSARY – UPDATE ON PROGRESS (ECS/13/077)

10. Reference was made to article 3 of the minute of the meeting of the Diamond Jubilee Commonwealth Travel Bursary Working Group of 21 November 2013, at which time members agreed, amongst other things, to recommend that this Committee suspend Standing Order 22(1) and agree that powers be delegated to officers to take decisions on the allocation of travel bursaries within the scheme approved by it on 13 June 2013, based on consideration of the recommendation put forward by the Delivery Partner and the independent assessment panels and that the remit of the Working Group be altered to read as follows:-
"to oversee the process, to undertake a consultative role in respect of the applications received so as to feed into the selection process before decisions were made by officers, to receive updates on progress, to hear presentations on successful bursary awards and to act as ambassadors for the initiative".

The Committee resolved:-
to suspend Standing Order 22(1) and to agree (1) that powers be delegated to officers to take decisions on the allocation of travel bursaries within the scheme approved by it on 13 June 2013, based on consideration of the recommendation put forward by the Delivery Partner and the independent assessment panels and (2) that the remit of the Working Group be amended as detailed above.

2013/2014 FINANCIAL MONITORING – CORPORATE GOVERNANCE SERVICE (CG/13/123)

11. With reference to article 12 of the minute of its meeting of 26 September 2013, the Committee had before it a report by the Head of Finance which provided information to date on the current year's revenue budget for the Corporate Governance

Service, and advised of any areas of risk and management action being taken in this regard.

The report recommended –
that the Committee –
(a) note the information on management action and risks contained within the report; and
(b) instruct officers to continue to review budget performance and report on Service strategies.

The Committee resolved:-
(i) to approve the recommendations; and
(ii) to congratulate staff on their excellent work to date.

COUNCIL REVENUE BUDGET 2013/2014 MONITORING (CG/13/131)

12. With reference to article 13 of the minute of its meeting of 26 September 2013, the Committee had before it a report by the Director of Corporate Governance which presented the revenue position for the Council for 2013/2014 and advised as to any areas of risk that had been highlighted by Directors.

The report recommended –
that the Committee –
(a) note and endorse the content of the report;
(b) note the value of the sums returned to the Council at the end of the Financial year 2012/2013 by the Grampian Joint Police Board and Grampian Joint Fire and Rescue Board, and agree that these sums be earmarked by the Council to contribute towards the funding of the overall capital investment strategy of the Council in future years; and
(c) approve the re-profiling of the general fund capital plan to reflect the total gross cost and appropriate partner contributions towards the Hydrogen Bus project in the five year capital plan, rather than the net cost to the Council.

The Committee resolved:-
to approve the recommendations.

2013/2104 COMMON GOOD BUDGET – MONITORING REPORT UPDATE (CG/13/122)

13. With reference to article 14 of the minute of its meeting of 26 September 2013, the Committee had before it a report by the Chief Executive which presented information on income and expenditure of the Common Good budget for the period to 31 October 2013, and outlined the forecast position of the cash balances as at 31 March 2014.

The report recommended –
that the Committee –

(a) note the income and expenditure position as at 31 October 2013, and the forecast outturn for the year; and
(b) note the forecast cash balances as at 31 March 2014, of £7,000,000 based on the current estimates, which was within the recommended levels indicated by the Head of Finance.

The Committee resolved:-
to approve the recommendations.

GENERAL FUND REVENUE AND CAPITAL BUDGET 2014/2015 AND INDICATIVE FIVE YEAR BUDGETS (CG/13/116)

14. The Committee had before it a report by the Director of Corporate Governance which presented information in relation to the 2014/2015 General Fund Revenue budget, along with indicative five year budgets for the General Fund and an indicative investment level of £300 million for the Non Housing Capital Programme for the same period. The budgets before members were based on the current settlement information from the Scottish Government and would therefore be subject to change once an updated settlement position was announced.

The report recommended –
that the Committee –
(a) note the attached 2014/2015 draft budget proposal which would be presented to the Council budget setting meeting on 6 February 2014;
(b) note the draft five year Business Plan position in relation to the Council's General Fund Revenue budget subject to the final grant settlement award letter;
(c) note the continuation of a Risk Fund to mitigate against in year cost pressures subject to Council approval in February 2014;
(d) agree that the Council continued to retain uncommitted revenue reserves in accordance with the reserves strategy, which presently showed a requirement for £11.3million to be held; and
(e) note that a capital investment programme of £300million over the five year Business Plan life cycle was in place and that the recently approved Strategic Infrastructure Plan was incorporated therein.

The Committee resolved:-
to approve the recommendations.

DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET AND HOUSING CAPITAL BUDGET 2014/2015 TO 2018/2019 (CG/13/117)

15. The Committee had before it a joint report by the Director of Corporate Governance and the Director of Housing and Environment which provided members with information to allow the setting of the rent level for the financial year 2014/2015 as well as provisional rent levels for the financial years to 2015/2016 to 2018/2019, explaining that this would allow a capital programme for 2014/2015 to be set as well as provisional programme for 2015/2016 to 2018/2019.

The report recommended –
that the Committee consider the draft Housing Revenue Account budget and refer the report to the Council meeting on 18 December 2013 for:
(a) approval of the budget as attached as appendix 1 of the report;
(b) approval of the weekly unrebated rents for municipal houses, as detailed in appendix 1 of the report, to take effect from Monday 7 April 2014;
(c) approval of the level of revenue contribution to the Housing Capital budget for 2014/2015 as well as a provisional contribution for the subsequent four financial years as detailed in appendix 1 of the report;
(d) approval of the recommendation to continue to increase the level of working balances to 10% to meet future contingencies;
(e) approval of the continuation of the practice that all capital receipts, from the disposal of Council houses under the right to buy scheme, continue to be used to repay debt for 2014/2015 and future years;
(f) approval of the level of miscellaneous rents and service charges, including Heat with Rent as detailed in appendix 1 of the report; and
(g) setting of a capital programme for the financial year 2014/2015 based on the rent strategy adopted as well as the indicative level of programme for the financial years 2015/2016 and 2018/2019.

The Committee resolved:-
to refer the report simpliciter to Council.

COMMON GOOD BUDGET 2014/2015 AND INDICATIVE 2015/2016 TO 2018/2019 BUDGET

16. The Committee had before it a report by the Chief Executive which presented the draft Common Good budget for 2014/2015 as well as a further indicative four year budget.

The report recommended –
that the Committee –
(a) consider the Common Good budget for 2014/2015 as detailed in appendix 1 to the report and, subject to any changes agreed by the Committee, refers the report to the Council Budget meeting on 6 February 2014, for approval; and
(b) note the 2015/2016 to 2018/2019 indicative budgets contained in appendix 1.

The Committee resolved:-
to approve the recommendations.

NORTH EAST SCOTLAND PENSION FUND 2014/2015 AND INDICATIVE 2015/2016 TO 2018/2019 BUDGET (CG/13/118)

17. The Committee had before it a report by the Director of Corporate Governance which provided details of the budget included in the 2014/2015 General Fund budget relating to the North East Scotland Pension Fund (NESPF), the cost of which was based on the Council's statutory obligation to administer the scheme and was met by the NESPF, as well as an indicative 2015/2016 to 2018/2019 budget.

The report recommended –
that the Committee –
(a) note the provision contained within the Council's General Fund budget for 2014/2015, and subject to any changes agreed by the Committee, refer it to the Council Budget meeting on 6 February 2014, for approval;
(b) note the 2015/2016 to 2018/2019 indicative budget;
(c) instruct the Head of Finance to recover the actual costs from the NESPF; and
(d) note progress on the introduction of a Service Level Agreement.

The Committee resolved:-
to approve the recommendations.

SMALL FINANCIAL ASSISTANCE GRANTS 2013/2014 (CG/13/121)

18. The Committee had before it a report by the Director of Corporate Governance which presented three applications for financial assistance.

The report recommended –
that the Committee –
(a) agree to award a grant of £2,500 to Celebrate Aberdeen (ACVO); and
(b) agree not to award a grant to the following applications:
- European Law Students' Association (Aberdeen Branch); and
- 9th Aberdeen Scout Troop.

The Committee resolved:-
(i) to approve the recommendations; and
(ii) to instruct officers to advise the 9th Aberdeen Scout Troop to apply to the Youth Grant Scheme for funding.

WHISTLEBLOWING POLICY/PROCEDURE (CG/13/126)

19. The Committee had before it a report by the Director of Corporate Governance which sought approval of an amended Whistleblowing Policy/Procedure which took account of recent legislative changes regarding whistleblowing as well as other necessary updates.

The report recommended –
that the Committee approve the introduction of the amended Whistelblowing Policy/Procedure.

The Committee resolved:-
to approve the recommendation.

SICKNESS ABSENCE UPDATE (CG/13/128)

20. With reference to article 11 of the minute of the meeting of the former Corporate Policy and Performance Committee of 18 April 2013, the Committee had before it a report by the Director of Corporate Governance which provided an update on sickness absence rates across the Council.

The report recommended –
that the Committee note the Council's sickness absence rates as outlined in appendix 2.

The Committee resolved:-
to approve the recommendations.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to enable the Committee to determine the matter without delay.

BUSINESS REQUIREMENTS TO DELIVER KEY GOAL 1 OF THE STRATEGIC INFRASTRUCTURE PLAN FOR 1000 AFFORDABLE HOUSES BY 2017 AND 1400 BY 2019 (H&E/13/080)

21. The Committee had before it a business case by the Director of Housing and Environment which sought approval of the creation of the following fixed terms posts:
- 1 FTE Senior Land and Development Manager G16 ;
- 1 FTE Consents Negotiator at G15; and
- 1 FTE Administrative Assistant at G9.

The Committee resolved:-
(I) to approve the business case as outlined in the report; and
(ii) to instruct officers to submit a report to a future meeting of this Committee providing an update on the project.

BUSINESS REQUIREMENTS FOR SERVICE IMPROVEMENT – BUILDING SERVICES (H&E/13/085)

22. The Committee had before it a business case by the Director of Housing and Environment which sought approval of the establishment of the following full time permanent posts:
- 1 FTE Business Development Support Assistant at G8; and
- 1 FTE Sales and Account Manager at G10.

The Committee resolved:-

(i) to approve the business case as outlined in the report; and
(ii) to instruct officers to submit a report to a future meeting of this Committee providing an update on the project.

YOUNG WOMEN'S SERVICE

23. The Committee had before it a report by the Director of Social Care and Wellbeing which proposed that the Intensive Community Support and Learning Service at Westburn develop a gender specific service for vulnerable girls and young women.

The report recommended –
that the Committee –
(a) approve the establishment of a gender specific service for vulnerable girls and young women;
(b) approve the establishment of the following posts:
- 1 FTE Team leader at G14
- 2 FTE Family and Community Support Officer at G13; and
- 2 FTE Family Resource Worker at G11; and

(c) approve the limitations of employment to the new posts within the service to female candidates only, because of the justifiable and legitimate occupational requirements of the posts in relation to Schedule 9 of the Equality Act 2010.

The Committee resolved:-
(i) to approve the recommendations; and
(ii) to instruct officers to submit a report to the Social Care, Wellbeing and Safety Committee within 12 months to advise on the progress of the project and to determine if further resources were required.

CORPORATE GOVERNANCE SERVICE ASSET MANAGEMENT PLAN AND ICT ASSET MANAGEMENT PLAN UPDATES (CG/13/124)

24. With reference to (i) article 13 of the minute of its meeting of 13 October 2012; and (ii) article 19 of the minute of its meeting of 6 December 2012 the Committee had before it a report by the Director of Corporate Governance which sought approval of the Corporate Governance Service Asset Management Plan and ICT Asset Management Plan 2013.

The Committee resolved:-
to approve the Corporate Governance Service Asset Management Plan and ICT Asset Management Plan 2013.

HAUDAGAIN UPGRADE (MIDDLEFIELD) UPDATE

25. With reference to (i) article 3 of the minute of its meeting of 25 July 2013, and (ii) article 10 of the minute of Council of 21 August 2013, the Committee had before it a report by the Director of Housing and Environment which provided an update on progress on a way forward for the regeneration of Middlefield in conjunction with the Haudagain junction improvements.

The report recommended –
that the Committee –
(a) note progress made in discussions with Transport Scotland and their consultants and the structured approach adopted;
(b) note that the Leader of the Council had written to the Minister for Transport and had subsequently met with him to seek clarity on responsibilities and expedite speedy solutions to enhance delivery timescales;
(c) note that the Leader of the Council had written to residents affected in the regeneration area of Middlefield to emphasise the Council's commitment to support them in their housing needs at this time of uncertainty;
(d) note that the Council had reopened an office in the Manor Logie area to be the basis for a central point of contact for communication available to local residents;
(e) note the risk evaluation appended to the report;
(f) note that commitment to the future location of the projects servicing the Logie area and located in premises within the proposed new road alignment was being addressed in the Council's community facilities audit and Strategic Plan to be delivered to Council early in the New Year by the Director of Education, Culture and Sport; and
(g) instruct officers to proceed with the project subject to negotiating appropriate financial guarantees from Transport Scotland and for officers to report on this matter at a future meeting of the Committee.

The Convener, seconded by the Vice Convener moved:
that the Committee –
(1) note the decision taken by Council at its meeting of 21 August 2013, which included an instruction to request a comprehensive risk assessment covering political, business and finance risks to be considered in the form of the Corporate Risk Register, reporting back to the December meeting of the Finance, Policy and Resources Committee;
(2) note the Risk Evaluation paper contained at appendix 4, which illustrated there was a high risk that the Scottish Government would no longer fund the construction of the Haudagain including all compensation costs;
(3) note that appendix 4 made it clear that whilst there were verbal and written statements of intent from Scottish Government Ministers and officials there was no formal, legally binding documentation;
(4) note both that the Council was committed to providing the Scottish Government with £75 million as its share of the Aberdeen Western Peripheral Route despite Edinburgh and Fife Councils contributing nothing to the new Forth Road Crossing, and that the Council was committed to building a Third Don Crossing, upgrading the Berryden corridor and building a new link road at Dyce at a total cost of £125 million;
(5) instruct officers to proceed with the project subject to negotiating acceptable financial guarantees from the Scottish Government or one of its agencies by 30 April 2014, in order for a report to come forward to this Committee on 6 May 2014;
(6) instruct officers to prepare a report for the Committee's meeting on the 6 May 2014, outlining proposals including where appropriate costs for the regeneration

of Middlefield without the proposed Haudagain improvements should the Scottish Government or one of its agencies refuse to commit to providing the Council with acceptable financial guarantees as requested; and

(7) note that a simple legally binding agreement between the present SNP Scottish Government and Aberdeen City Council would bind the newly elected 2016 Scottish Government and the newly elected 2017 Council Administration to take forward the Haudagain roundabout upgrade, and to note that in 2003 the then Scottish Executive and the then Council Administration entered into a legally binding contract for the AWPR which this Administration was adhering to, and to ask why the SNP was reluctant to ask the Scottish Government to bind itself to a contract if as it says the Scottish Government would deliver on the Haudagain roundabout upgrade unless they know what we suspect that any SNP Scottish Government intended to renege on its promise to the people and the businesses of Aberdeen.

Councillor McCaig moved as an amendment, seconded by Councillor Noble:-

that the Committee approve the recommendations (a) to (e); and instruct officers to proceed with the project and report back on the discussions with Transport Scotland to a future meeting.

Councillor Yuill moved as a further amendment:-

that the Committee approve the recommendations.

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

On a division, there voted:- For the motion (9) - the Convener; the Vice Convener; and Councillors Allan, Crockett, Donnelly, Laing, Milne, Reynolds and Taylor. For the amendment (6) - Councillors Cameron, Dickson, Jackie Dunbar, McCaig, Noble and Yuill.

The Committee resolved:-

(i) to adopt the motion; and
(ii) to instruct officers to provide a response to the following questions from Councillor Reynolds, copied to all members of the Committee (1) did Moray Council have to contribute to the junctions on the new Fochabers Bypass; and (2) is the Scottish Government moving away from funding the Aberdeen Western Peripheral Route, and are they instead choosing to lease the road from the successful contractor for 35 years?

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

SITES FOR WASTE MANAGEMENT INFRASTRUCTURE AND UPDATE ON WASTE MANAGEMENT SERVICES CONTRACT (ZWM/13/007)

26. Reference was made to article 5 of the minute of the meeting the Zero Waste Management Sub Committee of 4 December 2013, at which time members agreed, amongst other things, to refer a report on sites for waste management infrastructure to this Committee for approval to purchase of an area of ground at Hareness Place to allow access to the adjoining site owned by the Council. The Committee had before it on this day the report as submitted to the Zero Waste Management Sub Committee.

The Committee resolved:-
to agree to the purchase of an area of ground at Hareness Place to allow access to the adjoining site owned by the Council.

SATROSPHERE LIMITED – STRATEGIC PARTNERSHIP AGREEMENT AND FACILITY REDEVELOPMENT UPDATE (ECS/13/076)

27. With reference to article 26 of the minute of its meeting of 25 April 2013, the Committee had before it a report by the Director of Education, Culture and Sport which provided members with an update on the formalising of continued support of Satrosphere Limited by the Council through the establishment of a Strategic Partnership Agreement, and on progress with regards to the potential re-development of the premises at 179 Constitution Street.

The report recommended –
that the Committee –
(a) note the outline and principles incorporated within the draft Strategic Partnership Agreement and instruct officers to conclude negotiations on the document with Satrosphere Limited and report back to the Committee in February 2014; and
(b) note the position in respect of the potential re-development of the Council owned premises at 179 Constitution Street by Satrosphere Limited.

The Committee resolved:-
to approve the recommendations.

ESTABLISHMENT OF A NEW HOUSING ACCESS TEAM (H&E/13/083)

28. The Committee had before it a business case by the Director of Housing and Environment which sought approval of the establishment of a new Housing Access Team responsible for the delivery of housing access and advice services (including statutory homeless duties) and the management of housing applications and allocations.

The Committee resolved:-
to approve the business case as outlined within the report.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to enable the Committee to determine the matter without delay.

EXPANSION OF GAS TEAM (H&E/13/081)

29. The Committee had before it a business case by the Director of Housing and Environment which sought approval of the expansion of the gas team which would strengthen the in house delivery of gas installations within Council Houses, allowing efficiencies to be generated and providing the workforce with long term stability.

The Committee resolved:-
to approve the business case as outlined within the report.

EXECUTIVE RECRUITMENT SERVICES TENDER (CG/13/127)

30. The Committee had before it a report by the Director of Corporate Governance which sought approval for officers to commence a tendering process for the provision of executive recruitment services, which were normally used as part of Chief Official appointment processes.

The report recommended –
that the Committee approve the estimated expenditure as detailed within the financial implications of the report and, in accordance with Standing Order 1(3) of the Council's Standing Orders Relating to Contracts and Procurements, and otherwise instruct officers to undertake a procurement exercise for executive recruitment services in compliance with the Council's Standing Orders and the Public Contract (Scotland) Regulations, 2012.

The Committee resolved:-
to approve the recommendation.

NATIONAL HOUSING TRUST INITIATIVE PHASE 2B (H&E/13/077)

31. The Committee had before it a report by the Director of Housing and Environment which (a) advised of the current position with regard to the National Housing Trust (NHT) Initiative (the "Initiative") to enable the development of short term affordable housing and (b) sought approval to award contracts to Stewart Milne Group Limited and for the Head of Legal and Democratic Services (or either of the Legal Managers or the Chief Executive) to sign all contractual documentation relative to the Initiative.

The report recommended –
that the Committee –
(a) approve contracts being awarded to Stewart Milne Group Limited in respect of affordable housing at Countesswells, Huxterstone, Cornhill and Froghall, subject to their satisfying all Certificate of Title and any other legal issues to the satisfaction of the Head of Legal and Democratic Services and the Director of Housing and Environment;

(b) approve entry by the Council into the Limited Liability Partnership Development Vehicle(s) which would be created in respect of the developments with Scottish Futures Trust Limited and Stewart Milne Group Limited;

(c) approve the entry into, and execution of, the initiative agreements substantially in the form issued in accordance with the Invitation to Negotiate and all other necessary documentation described in more detail below;

(d) authorise the Head of Legal and Democratic Services (or either of the Legal Managers or the Chief Executive) to agree and execute on behalf of the Council all letters, contracts and other documents relative to the Initiative, including, but not limited to, the following:
- Applications to form Limited Liability Partnerships (the Development Vehicle(s)) in respect of affordable housing at the locations mentioned above,
- Take Out Agreements,
- Management and Maintenance Agreements,
- Members Agreements,
- Facility Agreements,
- Assignations in Security
- Inter Creditor Agreements,
- Guarantee Agreements,
- Bond and Floating Charge in favour of the Council,
- Second ranking Floating Charge in favour of the Guarantor, and
- Certificate of Title in favour of the Council and others.

(e) approve the Director of Housing and Environment becoming the Council's representative on the Board(s) of Management of the Development Vehicle(s) with the Head of Housing and Community Safety acting as substitute as required;

(f) authorise lending to the Development Vehicle(s) in accordance with the Facility Agreements to be entered into, which lending shall not exceed £9.8 million, subject to receiving formal consent to lend from the Scottish Government;

(g) delegate authority to the Director of Corporate Governance, the Director of Housing and Environment and the Head of Finance, in consultation with the Convener and Vice Convener of the Finance, Policy and Resources Committee, to agree the final loan value, which should not exceed £9.8million, and authorise the Head of Legal and Democratic Services (or either of the Legal Managers or the Chief Executive) to sign documentation to enter into the loan to be provided to the Development Vehicle(s); and

(h) approve that any contractual documentation in connection with the Initiative be exempted from Standing Orders 11 (Corrupt or Illegal Practices), 13 (Insurances) and 26 (Freedom of Information) of the Council's Standing Orders Relating to Contracts and Procurement and any other Standing Orders from which exemption was or might be required in order to allow the said contractual documentation to be entered into.

<u>The Committee resolved</u>:-
to approve the recommendations.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to enable the Committee to determine the matter without delay.

SOCIAL CARE AND WELLBEING MANAGEMENT STRUCTURE INVESTIGATION

32. With reference to article 27 of the minute of its meeting of 25 April 2013, the Committee had before it a report by the Monitoring Officer which provided members with an update on actions undertaken in respect of an ongoing investigation.

The report recommended –
that the Committee note the report and instruct any further action which they required.

The Committee resolved:-
to note the content of the report and to instruct the Director of Corporate Governance to investigate why there was a delay in the report and why the report did not contain all of the information that was requested.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to enable the Committee to determine the matter without delay.

DECLARATIONS OF INTEREST

The Convener and Councillor Crockett declared an interest in the subject matter of the following article by virtue of their position as members of the Board of the North East Scotland Japan Trust. Councillor Reynolds declared an interest by virtue of his position as a Trustee of the **North East Scotland Japan Trust in a personal capacity. Each of the Councillors considered that the nature of their interest required them to leave the meeting and took no part in the Committee's deliberations thereon.**

Councillor Crockett was substituted by Councillor Cooney, for this item only.

At this juncture, the Vice Convener assumed the Chair.

TRANSFER OF OWNERSHIP OF THOMAS BLAKE GLOVER HOUSE

33. With reference to article 14 of the minute of its meeting of 21 June 2012, the Committee had before it a report by the Director of Enterprise, Planning and

Infrastructure which provided members with details of a proposal to transfer ownership of the property known as Thomas Blake Glover House from the Grampian Japan Trust to the Council.

The report recommended –
that the Committee –
(a) note the contents of the report;
(b) instruct officers to enter into negotiations with the Grampian Japan Trust regarding a possible transfer of the property and to report back to a future meeting of this Committee;
(c) instruct relevant officers to present to a future meeting of this Committee a fully costed proposal for any future use of Glover House including any benefits which might accrue to the Council as a result of the property being in Council ownership; and
(d) instruct relevant officers to report to a future meeting of this Committee on progress with the proposal in order that officers could continue to prepare any documentation which would be required to facilitate the transfer of the property Glover House to the Council subject to:-

- the Head of Legal and Democratic Services being satisfied that the proposed use of the property conforms to any contractual terms which might be imposed by the Trust; and
- the Head of Finance being satisfied that any risk to the Council could be mitigated and that the Council neither inherited any debts nor financial liabilities of the Grampian Japan Trust; and that the financial implications for the Council could be met and sufficient budget was in place to cover the costs of any legal fees which were to be incurred and any fees relating to the repair and maintenance of the building as well as identifying a future budget beyond 2013/2014 from the appropriate Council budgets to cover the costs of on-going maintenance and upkeep of the building in the event of the transfer of ownership being completed.

The Committee resolved:-
to approve the recommendations, subject to the further reports referred to in recommendations (b), (c) and (d) being submitted to the next meeting of this Committee.
- COUNCILLOR WILLIE YOUNG, Convener.

This page is intentionally left blank

FINANCE, POLICY AND RESOURCES COMMITTEE

COMMITTEE BUSINESS

20 FEBRUARY 2014

Please note that this statement contains a note of every report which has been instructed for submission to this Committee. All other actions which have been instructed by the Committee are not included, as they are deemed to be operational matters after the point of committee decision. Where a report instructed requires no decision to be made this will be reported in the Committee's information bulletin.

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
1.	Housing and Environment 24/01/12 article 13	**Affordable Housing Delivery** The Committee resolved: to request that officers report to the appropriate committee in due course to advise as to whether there is any evidence to suggest that reducing the Council Tax discount on long term empty properties provides an incentive to owners to bring their empty properties back into use.	A report will be issued on the outcome of consultation with Scottish Government. **A report is on the agenda.**	Head of Finance/ Revenues and Benefits Manager	**06/12/12**	20/2/14
2.	Finance and Resources 15/03/12 article 30	**North East Scotland Japan Trust Loan Request** The Committee resolved: (i) to instruct officers to seek further clarification on the Grampian Japan Trust as per paragraph 5.4 of the report; (ii) subject to the above, to approve a secured loan for a period of 12 months of up to £15,000 to Grampian Japan Trust subject to (1) the Head of Legal and Democratic Services being satisfied that the Council has adequate security over the	At its meeting on 5 December 2013, the Committee resolved, amongst other things, to: (a) instruct officers to enter into negotiations with the Grampian Japan Trust regarding a possible transfer of the property and to report back to the next meeting of this Committee; (b) instruct relevant officers to present to the next meeting of this Committee a fully costed proposal for any future use of Glover House including any benefits which might accrue	Enterprise, Planning and Infrastructure	20/2/14	20/2/14

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
		property known as Thomas Glover House; and (2) the Head of Finance being satisfied that there is no financial risk to the Council, and evidence of proper financial stewardship of the Trust; and (iii) to instruct the Director of Education, Culture and Sport to report back to this Committee providing details of the final outcome of the above.	to the Council as a result of the property being in Council ownership; and (c) instruct relevant officers to report to the next meeting of this Committee on progress with the proposal in order that officers could continue to prepare any documentation which would be required to facilitate the transfer of the property Glover House, to the Council subject to:-			
	Finance and Resources 21/06/12 article 14	The Committee resolved: to instruct that a report be presented to the next meeting of this Committee of 4 October, 2012, which should either confirm that the further information sought has been provided and the loan made, or that the loan offer has been withdrawn.	• the Head of Legal and Democratic Services being satisfied that the proposed use of the property conforms to any contractual terms which might be imposed by the Trust; and • the Head of Finance being satisfied that any risk to the Council could be mitigated and that the Council neither inherited any debts nor financial liabilities of the Grampian Japan Trust; and that the financial implications for the Council could be met and sufficient budget was in place to cover the costs of any legal fees which were to be incurred and any fees relating to the repair and maintenance of the building as well as identifying a future budget beyond 2013/2014			

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
			from the appropriate Council budgets to cover the costs of on-going maintenance and upkeep of the building in the event of the transfer of ownership being completed. **A report is on the agenda.**			
3.	Finance and Resources 21/04/11 article 25 Corporate Policy and Performance Committee 14/06/12 article 4	**External Support to Deliver the Business Plan** The Committee resolved: to instruct that a report be brought back to the Corporate Policy and Performance Committee (or the Urgent Business Committee if during recess) to deal with any securing of external support that may be required to assist with the delivery of service options relating to external delivery. Updates to be provided by the Director as and when required. At its meeting of 14 June, the Corporate Policy and Performance Committee recommended that this item be transferred to the Finance and Resources Committee.	The Council's Financial Regulations and Standing Orders provide a framework within which officers are required to operate and seek appropriate Committee approval. Therefore this item is recommended for removal and appropriate authority will be sought through Committee as and when required. **Recommended for removal.**	Directors as appropriate	As and when required	
4.	Finance and Resources 04/10/12 article 29	**Satrosphere** At its meeting on 4 October 2012 the Committee agreed amongst other things, to instruct officers to provisionally negotiate terms and conditions of lease, or an extension to an existing lease, or other potential property transaction, in the event that consideration leads Satrosphere to the conclusion that either relocation to	At its meeting on 25 April 2013, the Committee resolved, amongst other things, (a) to note the position in respect of both the potential re-development of the premises at 179 Constitution Street and discussions around the establishment of a Partnership Agreement to formalise continued support of	Head of Educational Development, Policy and Performance	20/2/14	20/2/14

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
		another venue held on the Council's Property Account or redevelopment of their existing facility at 179 Constitution Street was the preferred option, on the basis that any provisional agreement between the parties be reported to a future meeting of this Committee, in order that members might consider formal approval.	Satrosphere Limited by the Council instructed at the Committee meeting of 4th October 2012; and (b) to approve the recommendation, identified within 5.3.8 (i) that oversight of Satrosphere's operational and educational outcomes, linked to the development of a formal partnership framework, is provided annually through the Culture and Sports Sub-Committee with consideration of future renewals of the Bank Guarantee being considered separately by this Committee. With the appointment of a full-time Chief Executive Officer, commencing in late August/September 2013, Satrosphere have signalled an intent to enhance it's capacity to effectively move forwards with these projects and a report will be made availble to Committee on conclusion of the Partnership Agreement negotiations and, dependant on the progress of the re-development option, as and when additional authorities are required in connection with the premises lease. At its meeting on 5 December 2013, the Committee resolved, amongst other things, to note the outline and principles incorporated within the draft Strategic Partnership			

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
			Agreement and instruct officers to conclude negotiations on the document with Satrosphere Limited and report back to the Committee in February 2014. **A report is on the agenda.**			
5.	Finance and Resources 21/2/13 article 16	**Centre for Scottish Public Policy** The Committee resolved to request that a report on the benefit to the Council of membership on this body be submitted to the Committee within one year to enable members to determine if it should continue the membership.	**An information bulletin is available. This item is recommended for removal**	Chief Executive	20/2/14	
6.	Finance and Resources 25/4/13 article 21	**Joint Commissioning Strategy for Older People 2013-2023 - Financial Framework** The Committee resolved amongst other things to agree to receive a report on the baseline integrated budget, once the work on this was completed	The Committee received a verbal update at its meeting on 5 December 2013. **This item cannot be reported until the NHS budget for integrated pot is determined. The scope of the NHS services to be included in integration will be recommended by the Transitional Leadership Group (TLG) and then the associated budget will be agreed. The TLG will report to Council and NHS Board in May, probably, and thereafter a report to this Committee. The SC&W services/budget are known.**	Head of Older People and Rehabilitation	**26/9/13**	19/6/14

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
7.	Finance and Resources 13/6/13 article 10	**Annual Housing And Council Tax Benefit Report** The Committee resolved to note that an annual report advising of Housing and Council Tax Benefit service performance would be presented to the Committee.	The Director of Corporate Governance will be providing corporate performance data and as such this item can be removed. **Recommended for removal.**	Head of Finance	19/6/14	
8.	Council 26/6/13	**Tillydrone Project** Council resolved, amongst other things, to authorise officers to implement mitigation measures to reduce the uncertainty over grant funding contribution, and request that reports be submitted to the Housing and Environment and Finance and Resources Committees once grant funding levels were known.	**At this time grant funding levels remain unknown, however officers are seeking this information and will report to the Committee once this has been obtained.**	Head of Regeneration and Housing Investment	**5/12/13**	
9.	Continuous Improvement 06/05/08 Article 10 Scrutiny Panel 19/01/09 Article 2	**Local Code of Corporate Governance** The Continuous Improvement Committee agreed that the refreshed Local Code of Corporate Governance be brought to its meeting on 17 June 2008, having been updated in light of the improvement agenda set out in the Audit of Best Value and Community Planning and in line with the new Framework for Delivering Good Governance in Local Government. At its meeting on 19 January 2009, the Scrutiny Panel agreed to instruct officers to investigate, in consultation with appropriate Councillors, all appropriate and viable alternative methods other than investigations to address the issue of	Any further information on development of the Local Code of Corporate Governance will be reported as appropriate. **Recommended for removal.**	Head of Service, Office of Chief Executive	**As required**	

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
		leaked reports and report back to the next meeting of the Panel on 2 March 2009. At its meeting on 29 November 2012, the Committee (i) noted the update on the ongoing implementation of the Council's Local Code of Corporate Governance; and (ii) agreed that further updates on the development of the Code in light of the decisions made by the Audit and Risk Committee would be brought to the Corporate Policy and Performance Committee when required.				
10.	Finance and Resources 21/04/11 article 35	**Trade Union Facility Time** The Committee resolved: to instruct the Head of Human Resources and Organisational Development to report back to this Committee on the review within six months. At its meeting on 22 September, the Committee agreed to refer the report to Aberdeen City Council's Local Government Employee's Joint Consultative Committee for discussion, not negotiation, and that a report on this matter be considered at the next meeting of the Corporate Policy and Performance Committee on 1 December 2011.	At its meeting of 20 February 2013, the Committee noted that discussions were still ongoing, with a report due before CMT in a few weeks, following which there would be a formal engagement process where Councillors could be involved. The report back to Committee would therefore be expected in a few months' time. This matter is now being discussed at the Local Government Employee's Joint Consultative Committee, thereafter should a decision be required a report will be submitted to this Committee. **A report is on the agenda.**	Head of Human Resources and OD	**01/12/11**	20/2/14

No.	**Minute Reference**	**Committee Decision**	**Update**	**Lead Officer(s)**	**Report Due**	**Report Expected (if known)**
11.	Corporate Policy and Performance Committee 27/09/12 Article 13	**Parenting Strategy** At its meeting of 27 September 2012, the Committee approved the Parenting Strategy and asked that a review of the policy be brought back to Corporate Policy and Performance Committee in six months' time.	In line with the SOA this work will be reported as part of the supporting families' priority. A revised strategy will be reported to the Committee in May 2014. The ECS service is currently working with parents on the detail of the Parent Involvement Strategy. The focus of the strategy is involving parents in their children's learning in the nursery and school context. And would be more appropriate for this to be reported to ECS Committee. The timetable to report the supporting vulnerable families that will incorporate parenting to the CPP families has been scheduled for June 2014. **It is recommended that this item be transferred to the Education, Culture and Sport Committee.**	Education, Culture and Sport	**06/06/13**	06/05/14
12.	Corporate Policy and Performance Committee 18/04/13 Article 13	**Impact and Potential for Social Media** The Committee resolved, amongst other things, to approve a further review of Council business use of social media to be presented to this Committee in April 2014.		Communications Manager	06/05/14	06/05/14
13.	Finance and Resources 25/04/13 Article 27	**Social Care and Wellbeing Management Structure – Monitoring Officer Investigation** The Finance and Resources Committee resolved to instruct the Monitoring	At its meeting on 5 December 2013, the Committee resolved to note the content of the report and to instruct the Director of Corporate Governance to investigate why there was a delay in the report and why the	Monitoring Officer	06/05/14	20/02/14

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
		Officer to conduct an investigation into the leaking of this exempt report to the press and to request that all Councillors and officers make themselves available to be interviewed as part of this process.	report did not contain all of the information that was requested. **A report is on the agenda.**			
14.	Corporate Policy and Performance Committee 06/06/13 Article 7	**Corporate Parenting Policy** At its meeting of 6 June 2013, the Committee, amongst other things, resolved to instruct officers to report back on the implementation and review of the Corporate Parenting Policy and action plan to the Corporate Policy and Performance Committee in May 2014.		Director of Social Care and Wellbeing	06/05/14	
15.	Enterprise, Strategic Planning and Infrastructure Committee 29/8/13	**Subsistence Rate for Foreign Travel** At its meeting of 29 August 2013, the Committee, amongst other things, to request officers to review the method of calculating the subsistence rate for foreign travel and report to the Finance, Policy and Resources Committee on the outcome.	This will form part of the review of Financial Regulations and can therefore be removed as the revised regulations will require Committee Approval. The regulations are to be distributed shortly for consultation. **Recommended for removal.**	Head of Finance	**5/12/13**	
16.	Finance, Policy and Resources 26/09/13 Article 19	**Failure To Attend Work Due To Bad Weather** The Committee resolved, amongst other things, to instruct officers to report back to the Committee on the guidance in one year		Head of Human Resources and Organisational Development	30/9/14	
17.	Finance and Resources 28/09/10 Article 24 Finance, Policy	**Access from the North Proposals (Third River Don Crossing) - Compulsory Purchase Order** The Committee resolved: to note that officers would provide	**Updates will be included in the information bulletin.** **Recommended for removal.**	Head of Asset Management and Operations	**5/12/13**	

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
	and Resources 26/09/13 Article 33	**regular updates** to Committee in relation to progress with land acquisition against budget. At its meeting on 26 September 2013, the Committee resolved, amongst other things, to notwithstanding the progress report being submitted to the next meeting of the Committee, to instruct officers to bring forward the determination of the land tribunal decision to the Council or this Committee, whichever was sooner.				
18.	Finance, Policy and Resources 5/12/13 Article 19	**Posts to deliver Key Goal 1 of the Strategic Infrastructure Plan (Affordable Houses)** The Committee resolved, amongst other things, to instruct officers to submit a report to a future meeting of this Committee providing an update on the project.	The key posts have been advertised and the interview process has been arranged with a view to having the personnel in post as soon as possible. Further progress updates in relation to this project will be provided as part of regular SIP updates. **Recommended for removal.**	Head of Regeneration and Housing Investment	06/05/14	
19.	Finance, Policy and Resources 5/12/13 Article 20	**Business Requirements for Service Improvement - Building Services** The Committee resolved, amongst other things, to instruct officers to submit a report to a future meeting of this Committee providing an update on the project.	Building Services have appointed 'Simply ISO' as a consultancy provider to progress the Service Improvements. The gap analysis to identify and plan the work needed to take the Service towards ISO accreditation is currently being undertaken. **Recommended for removal.**	Head of Regeneration and Housing Investment	06/05/14	

No.	Minute Reference	Committee Decision	Update	Lead Officer(s)	Report Due	Report Expected (if known)
20.	Finance, Policy and Resources 5/12/13 Article 23	**Haudagain Upgrade (Middlefield) Update** The Committee resolved, amongst other things, (i) instruct officers to proceed with the project subject to negotiating acceptable financial guarantees from the Scottish Government or one of its agencies by 30 April 2014, in order for a report to come forward to this Committee on 6 May 2014; and (ii) instruct officers to prepare a report for the Committee's meeting on the 6 May 2014, outlining proposals including where appropriate costs for the regeneration of Middlefield without the proposed Haudagain improvements should the Scottish Government or one of its agencies refuse to commit to providing the Council with acceptable financial guarantees as requested.		Head of Regeneration and Housing Investment	06/05/14	
21.	Council Budget Meeting 6/2/14	**General Fund Revenue Budget 14/15** Council resolved, amongst other things, to note the significant cost of living challenges faced by our employees and instruct officers, in consultation with trades unions, to gather evidence on the cost of this and other relevant factors affecting City Council employees and present this evidence to a future meeting of the Finance, Policy and Resources Committee for consideration.		Head of Human Resources and Organisational Development	19/6/14	

This page is intentionally left blank

FINANCE AND RESOURCES COMMITTEE

MOTIONS LIST

20 FEBRUARY 2014

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

No.	Motion	Date of Council Meeting	Committee Motion referred to / date/ decision of Committee	Action taken / Proposed Future Action	Responsible Head(s) of Service	Due Date	Is authority sought to remove motion from list?
1.	Motion by Councillor McCaig "In order to ensure that Aberdeen City Council reaps the financial benefits of the Scottish Government's Business Rates Incentive Scheme, Council instructs the Director of Enterprise, Planning and Infrastructure to consider measures to boost the city's business rates income and agrees that 50% of any additional funding received by the Council as a result of this scheme be reinvested in economic development."	10 October 2012	The Finance and Resources Committee of 06/12/12 resolved: (i) to instruct officers to report on the terms of the motion and the Council's current position in relation to the Business Rates Incentive Scheme (BRIS) to the next meeting of the Committee; and (ii) to instruct officers to report on the Council's current position regarding BRIS at the budget meeting on 7 February 2013.	At its meeting on 21 February, the Committee resolved, amongst other things, (a) to note that officers would report on the terms of Councillor McCaig's motion to the next meeting of the Committee; (b) to instruct the Director of Corporate Governance to ask an independent consultant to bring forward a report, based on a research study, exploring the existing financial settlement and its impact on the contribution Aberdeen makes to Scotland and the UK and how a different or better funding settlement could benefit Aberdeen and the remainder of Scotland, and that the report be considered by an additional meeting of this	Finance	**13.6.13**	Yes

No.	Motion	Date of Council Meeting	Committee Motion referred to / date/ decision of Committee	Action taken / Proposed Future Action	Responsible Head(s) of Service	Due Date	Is authority sought to remove motion from list?
				Committee, at which time the Committee can determine its position on the contents and findings of the study. At its meeting on 25 April 2013, the Committee agreed, amongst other things: (i) to agree to receive a further report on the current position of the scheme, and in conjunction with the Director of Enterprise, Planning and Infrastructure address the remaining aspects of the motion; and (ii) to note the oral update from the Director of Corporate Governance regarding action (b) above. At its meeting on 13 June 2013, the Committee received an oral update from the Director of Corporate Governance and the Corporate Accounting Manager. At its meeting on 5 December 2013, the Committee agreed to note that it was envisaged that reports: (a) on the			

No.	**Motion**	**Date of Council Meeting**	**Committee Motion referred to / date/ decision of Committee**	**Action taken / Proposed Future Action**	**Responsible Head(s) of Service**	**Due Date**	**Is authority sought to remove motion from list?**
				operation of BRIS; and (b) by the AGCC providing financial information on business rates, would be submitted to its next meeting; and to request AGCC to provide a presentation on its report to members prior to consideration of the report at its next meeting. **A report is on the agenda.** **Future information regarding BRIS will be reported to the Committee as and when appropriate, therefore this motion is recommended for removal.**			

This page is intentionally left blank

DRAFT

OLDER PEOPLE'S ADVISORY GROUP

4 December, 2013

MEMBERSHIP – APPLICATION TO JOIN THE GROUP FROM DAVE VALENTINE (FOOTPRINTS CONNECT)

3. The Advisory Group had before it, for consideration, an application from Dave Valentine, Footprints Connect, to join the Group.

The Advisory Group resolved:-
to accept Dave Valentine as a member of the Group on behalf of Footprints Connect and refer this for approval to the Finance, Policy and Resources Committee.

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	20 February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	2013/14 Financial Monitoring - Corporate Governance
REPORT NUMBER:	CG/14/014

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:
   i) Inform the Committee of the 2013/14 revenue and capital budget's financial performance for the period to 31 December 2013, including the forecast outturn for the year to 31 March 2014 for the services within Corporate Governance; and
   ii) Advise on any areas of risk and management action.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee
   i) Note this report and the information on management action and risks that is contained herein; and
   ii) Instruct that officers continue to review budget performance and report on Service strategies.

3. FINANCIAL IMPLICATIONS

3.1 Financial Implications are detailed in section 5 Background/Main Issues

4. OTHER IMPLICATIONS

4.1 None

5. REPORT

5.1 This report provides a high level summary of accrued actual expenditure to period 9, December 2013. The forecast is based on information and feedback from budget holders captured in December 2013.

Revenue Financial Position and Risks Assessment

5.2 The Service report is attached at Appendix A which shows projected net outturn savings £1M (3.5%), across the current net budget of £27.8M. There are not any significant risks at this time, and while the following items are of note they have been incorporated into the forecast net outturn:-

- Net savings of £1M are anticipated within staff costs.
- Savings of £170k are anticipated within the Corporate Training Budget.
- Income is expected to be £200K below budget. A number of specific areas can no longer be recovered due to revised accounting practice and identification of significant cost savings which have reduced the level of recoverable expenditure.
- Savings relating to financial guarantees of £40K resulting from reduced debt exposure have been identified.
- Supplies and Services have been overspent by £200K, with the main overspend being within Hardware Maintenance/Rental for expenditure in relation to improving the resilience of the communication link with ATOS costing £170K and £70k for additional servers.
- Other smaller variances within Administration and Supplies & Services account for the remainder of the movement.

Management Actions and Risk Assessment

5.3 Heads of Service in conjunction with the line managers continue to monitor budgets and manage services to achieve savings, whilst maintaining and developing service delivery.

5.4 The Finance team in conjunction with budget holders continue to look at ways of addressing the income shortfall and its impact on future years.

Capital Financial Position

5.5 Included at Appendix B is a summary of the Corporate Governance capital programme projects and the spend to date plus forecast position for the full financial year.

5.6 The value of Police Grant payable, arising from national Police Reform introduced from 1st April 2013, means there will be lower capital expenditure than originally anticipated.

Management Actions

5.7 Continued focus on the technology investment requirements will ensure that Corporate Governance brings the necessary capital projects to fruition to deliver service improvements based on the Corporate Governance business case, previously reported to the committee.

6. COMMUNITY & SERVICE IMPACT

6.1 The Service must manage its financial responsibilities in addition to its service delivery priorities and demand. Decisions are made by the Director and officers to ensure financial resources are committed appropriately and in line with those priorities.

6.2 The issues referred to in this report impact on the overall financial position of the Council which are included in another report on the agenda.

7. REPORT AUTHOR DETAILS

James Hashmi, Reporting & Monitoring Team Leader
jhashmi@aberdeencity.gov.uk
01224-346400

8. BACKGROUND PAPERS

Financial ledger data extracted for the period 9 (not attached).

Appendix A

As at end of December 2013		Year to Date			Forecast to Year End		
Accounting Period 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
Head of Finance - S.95 Officer	7,407	6,196	6,283	87	7,407	0	0.0%
Head of Legal and Democratic Services	1,509	1,132	614	(518)	1,087	(422)	(28.0%)
Head of Human Resources and Organisational Developmer	4,449	3,378	3,025	(352)	4,074	(375)	(8.4%)
Head of Procurement	464	348	310	(38)	417	(47)	(10.0%)
Head of Customer Service and Performance	13,925	10,448	10,326	(122)	13,805	(120)	(0.9%)
TOTAL	**27,755**	**21,502**	**20,557**	**(944)**	**26,791**	**(963)**	**(3.5%)**

*Assumptions

Staffing Pay – The year to date actual figure include the 1% pay award and budgets and outturns for staff costs will be amended accordingly in future reports.

Accruals – Actual Expenditure and Income has been adjusted to account for goods and services received but not paid by the end of accounting period and goods or services supplied but not yet invoiced by the end of the accounting period.

Income – Considerable income is due at the year end for recharges to other parts of the Council. This would account for a significant part of the difference in the under spend at P9 and the forecast outturn.

As at end of December 2013		Year to Date			Forecast to Year End		
Accounting Period 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
STAFF COSTS	23,810	17,866	17,037	(830)	22,846	(964)	(4.0%)
PROPERTY COSTS	600	454	441	(13)	594	(5)	(0.9%)
ADMINISTRATION COSTS	2,668	1,827	1,569	(258)	2,297	(371)	(13.9%)
TRANSPORT COSTS	492	369	358	(11)	480	(12)	(2.5%)
SUPPLIES & SERVICES	6,315	4,756	4,905	148	6,461	146	2.3%
COMMISSIONING SERVICES	1,585	1,189	1,210	21	1,608	23	1.4%
TRANSFER PAYMENTS TOTAL	50,524	37,893	39,967	2,074	55,672	5,148	10.2%
GROSS EXPENDITURE	**85,995**	**64,355**	**65,486**	**1,131**	**89,959**	**3,964**	4.6%
LESS: INCOME							
GOVERNMENT GRANTS	(50,407)	(37,805)	(39,801)	(1,995)	(55,466)	(5,059)	10.0%
OTHER GRANT-REIMBURSE-CONTRIB	(1,399)	(1,058)	(1,106)	(48)	(1,469)	(70)	5.0%
CUSTOMER & CLIENT RECEIPTS	(1,241)	(931)	(1,130)	(200)	(1,408)	(168)	13.5%
INTEREST	(29)	(22)	(26)	(4)	(33)	(4)	13.3%
RECHARGES TO OTHER HEADS	(4,562)	(2,585)	(2,351)	234	(4,125)	437	(9.6%)
OTHER INCOME	(603)	(452)	(515)	(62)	(666)	(63)	10.4%
TOTAL INCOME	**(58,240)**	**(42,853)**	**(44,929)**	**(2,076)**	**(63,168)**	**(4,927)**	**8.5%**
NET EXPENDITURE	**27,755**	**21,502**	**20,557**	**(944)**	**26,791**	**(963)**	**(3.5%)**

Appendix B

Capital Monitoring – Corporate Governance projects 2013-14 to 2017-18

Project Description	Revised Budget 2013/14	Spend to December 2013	Profiled out-turn 2013/14	Five year budget 2013-18	Legal Commit-ments	Profiled out-turn 2013-18
	£'000	£'000	£'000	£'000	£'000	£'000
Data Centre Move	22	22	22	22	0	22
Police - Capital Grant	2,356	0	0	2,356	0	0
ICT Data Centre	0	0	0	3,000	0	3,000
Technology Investment Requirements	900	40	398	2,700	20	2,545
Totals	**3,278**	**62**	**420**	**8,078**	**20**	**5,567**

*Revised budget includes carry forward / adjustments approved by F,P&R

- Technology Investment Requirements budget holder has a commitment next financial year contributing towards a new Education Server. £230,000 has been profiled into the 2014/15 out – turn for this. The remaining £358,000 of profiled expenditure this year is on existing commitments.

ABERDEEN CITY COUNCIL

COMMITTEE:	Finance, Policy and Resources
DATE:	20 February 2014
DIRECTOR:	Angela Scott
TITLE OF REPORT:	Council Budget 2013/14 Monitoring
REPORT NUMBER:	CG/14/028

1. PURPOSE OF REPORT

1.1. The purpose of this report is to inform Elected Members on the current financial position for the Council and the forecast outturn for financial year 2013/14 and to highlight areas of risk and management action that have been identified by directors.

2. RECOMMENDATION(S)

It is recommended that the Committee:

1. note and endorse the content of the report; and
2. agree to the actions being taken by directors to ensure Council is subject to robust financial management..

3. FINANCIAL IMPLICATIONS

3.1 The forecasts are that with expenditure and income for the period to end of December being controlled and the delivery of savings options progressing positively the Council will achieve a balanced budget for the year and generate an overall underspend of £5 million (up from £4 million in the last report).

3.2 This sum is before £1 million has been earmarked for the Music Hall, as agreed by Council at its meeting of 26 June 2013.

3.3 Risks do exist, from the potential of non-delivery of savings options in a few areas of the budget to winter / road maintenance costs substantially exceeding budget because of harsh winter weather. Contingency funds remain uncommitted to the value of £1.8 million in the General Fund budget and this provides assurance that the forecast outturn can be achieved should a financial consequence arise from the risks that exist.

3.4 An additional contingency exists in relation to the anticipated national pay award agreement, the value is the equivalent of a 1% pay award with effect from 1 April 2013. With the exception of teachers this has now been agreed and costs will be reflected in the monitoring statements in the latter part of the financial year.

3.5 Where expenditure can be maintained within budget during the remainder of the year and contingencies are not needed then the opportunity exists for the Council to deliver an increased contribution to the General Fund and this continues to be monitored on a monthly basis by the Corporate Management Team.

3.6 The recommended level of uncommitted General Fund Revenue reserves is £11.3 million, as approved by the Committee in October 2012. This will be maintained.

3.7 The projected funding for the General Fund Capital programme comes from a range of sources, and will can include Scottish Government capital grant, capital receipts, revenue contributions, usable capital reserves and borrowing.

3.8 The projected capital expenditure of £47.6 million (down from £64.1 million in the last report) and previous capital expenditure has an impact on the General Fund revenue budget, through the repayment over time of borrowing. As at the end of December 2013 the projection for the capital financing costs, including repayment of debt is in line with budget. This amounts to 7.3% of the overall net revenue budget.

3.9 The Finance Policy and Resources Committee at its October meeting agreed that underspending, over and above the commitment to the Music Hall, would be set aside to aid the funding of the capital investment requirements that the Council has in the forthcoming years and includes the approval given to the Strategic Infrastructure Plan and the Western Peripheral Route.

4. OTHER IMPLICATIONS

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

5. REPORT

5.1 This is the third opportunity for the Council to consider the overall financial position, with specific reference to the General Fund, for this financial year (2013/14). Throughout the year the Corporate Management Team has received reports on the financial performance and is aware of the current forecast and the risks that exist.

5.2 This report considers the forecast outturn for the Council as a whole and this builds upon information and analysis provided to the individual Service Committees that have been considered during the current cycle of meetings.

5.3 Information within this report provides a high level expenditure forecast for the consideration of Elected Members and presents actual financial figures to the end of December 2013 and the full year forecasts based thereon.

5.4 Appendix A includes a summary of the overall Council projected position.

General Fund Revenue Position

5.5 In overall terms the statement at Appendix A shows the Council is managing expenditure within the overall budget and the forecast shows that by the year end initial indications are that a contribution to usable General Fund reserves will be possible. The value attached to this at present is £5 million. The under spending represents approximately 1.1% of budget.

5.6 The most significant risks and matters arising from the figures that are presented include the following:

5.7 Enterprise, Planning and Infrastructure (EP&I) present a favourable variance forecast arising from strong income generation from planning and building warrant application fees, offset by lower than budgeted income in relation to advertising income. Staff costs provide considerable savings through vacancy management arrangements, while operating costs for property repairs and school transport savings are also in evidence. A highlighted cost pressure is in relation to the achievement of savings in fleet management which has been caused due to the progress in reducing the age of the vehicle fleet.

5.8 The key risk for EP&I is in relation to the timing of forecasts and the fact that there remains a degree of uncertainty in relation to key areas such as income for the design team based on the capital programme, property repairs based on early billing information and school transport contracts that are regularly re-tendered, changing the contract price profiles. There is also always the uncertainty of the costs of winter maintenance, which are currently assumed to be containable within the roads maintenance budgets.

5.9 Education, Culture and Sport (EC&S) is forecast to keep expenditure within its budget and is based on a range of small savings across the service portfolio, overall approximately £0.3 million. Specific savings such as probationer teachers savings and a saving due to the timing of the re-opening of the Tullos Swimming Pool offset costs associated with teacher entitlement changes and out of authority placements, the numbers of which remain variable. There remains a significant cost pressure in energy costs due to rising costs and is particularly significant in EC&S as its property asset estate is the largest of any Service.

5.10 In addition to the volatility of out of authority placements the key risks are in relation to the pupil rolls and associated teacher numbers, that they remain as predicted, and that schools overall underspend will be in excess of the 2.5% carry forward limit, as this is incorporated into the full year forecast.

5.11 Corporate Governance (CG) also shows a favourable full year forecast, and an overall underspend of £0.8 million, this being generated in the main from tight staff management, although additional savings are forecast based on administration and supplies and services costs, which have been experienced to date. Income is forecast to be below budget, this arising from recharges for support and shared services.

5.12 Housing and Environment (H&E) forecast that an underspend against budget of £2.9 million is achievable. While significant savings are estimated in the cost of homelessness, based on the volume of people presenting as homeless, there are also savings anticipated in waste disposal, due to the level of tonnages and costs being better than had been budgeted.

5.13 The main risk for H&E is in relation to welfare reform and the unknown impact on homelessness.

5.14 Social Care & Wellbeing (SC&W) reports that a favourable full year forecast budget position is achievable with a value of £0.5 million. This is based on cost pressures in the commissioning of services. Income forecasts are strong particularly through grants and contributions that are now expected and other areas of expenditure are being managed to ensure that the overall position is in line with budget.

5.15 The key risks for SC&W are in relation to the purchasing of care, both the volatility of out of authority placements for children and the need for care of older people, whether delivered by internal or external services. The impact of welfare reform remains unclear too.

5.16 As Bon Accord Care and Bon Accord Support Services became operational from 1 August there has been a shift in the operation of SC&W budgets as additional expenditure is incurred in the purchasing of care with a corresponding reduction in the staffing and supplies of delivering care. There is no specific change in the cost associated with these services in this financial year.

5.17 The Corporate budgets, which are made up of funding to Capital Financing Costs, the Joint Grampian Valuation Board, Council Expenses, Trading Account surpluses and funding set aside for contingencies, shows an overspend of £1.9 million.

5.18 There are income pressures in all the trading accounts, Building Services, Car Parking and Property Letting and this is having an adverse impact on the overall corporate position and this is offset by anticipating reduced use of corporate contingencies. The costs of borrowing (capital financing costs) are in line with budget at this time having taken account of the current capital expenditure profile for this year, the borrowing entered into for previous years and the additional repayment of debt. A review of the insurance fund will be required at the end of the year following a number of high value transactions being processed during 2013/14, the forecast anticipates an additional contribution to £2 million being required.

5.19 There are £1.8 million of uncommitted contingencies, which are in addition to the sums that are earmarked against the General Fund balance and provide a suitable degree of protection against unexpected or unplanned expenditure being incurred.

5.20 The figures outlined reflect previously approved Priority Based Budget options which had previously been approved for the year and had been incorporated into the 5 year business plan in earlier financial years.

General Fund Capital Programme

5.21 The overall position of the General Fund capital programme for 2013/14 is reported at a high level to enable Elected Members to see the progress that is being made in the delivery of the programme.

5.22 In relation to funding the programme a range of options are available to the Council and many of these are used on an annual basis to ensure that the most effective way of funding capital investment is found both in-year and in planning for the future.

5.23 The total anticipated expenditure as at the end of December 2013 is £47.6 million and this is broken down by Service in Appendix B, along with the anticipated funding arrangements.

5.24 The main reason for the significant variance from budget (which includes approved projects carried forward from 2012/13) is because several of the larger new build and refurbishment projects are going to be re-profiled for commencement / delivery in the next financial year.

5.25 In relation to funding this expenditure the Scottish Government capital grants of £16 million will be the first funding stream to be utilised.

5.26 In 2013/14 the other capital financing options that the Council will consider will be contributions from the revenue budget, use of capital receipts and use of the usable capital reserves that exist in the capital fund and capital grants unapplied account. Borrowing will also be considered and, as borrowing has a long term cost, it is the strategy of the Council to reduce the level of debt it carries to ensure a sustainable revenue position for the future.

Management Actions

5.27 As the financial year begins to draw to a close it is imperative that Services continue to deliver the Priority Based Budgeting saving options that are included within Service budgets and maintain firm control of the income and expenditure.

5.28 The key year end dates in relation to ordering are widely known across the Council and these should be adhered to produce an effective and efficient closure of the accounts as at 31 March 2014.

5.29 Services should be looking ahead with planning and implementation activity being in place to continue to provide robust financial forecasts, to progress operational changes and savings included in the 5 year business place and to mitigate risks as far as possible.

5.30 Further progress reports will be provided to the Committee on the financial position following the conclusion of the financial year.

Reserves Position

5.31 The Council has a reserves strategy (approved by Finance and Resources Committee in October 2012) that means that £11.3 million of uncommitted reserves on the General Fund should be maintained., with the express intention of ensuring that the Council can deal with unexpected and unplanned expenditure should the need arise.

5.32 The impact on reserves of the current full year forecasts for expenditure and income is that additional resources can be secured to address the commitment to the Music Hall redevelopment (£1 million) and the balance is to be used to contribute towards the funding of the capital investment requirements of the Council, as incorporated in the 5 year business plan, Strategic Infrastructure Plan and Western Peripheral Route.

6. SERVICE & COMMUNITY 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.

6.2. Each Director reports on a regular basis to their service committee, providing the opportunity to consider the financial position and impact in more detail.

7. REPORT AUTHOR DETAILS

Jonathan Belford
Corporate Accounting Manager
jbelford@aberdeencity.gov.uk
01224 522573

8. BACKGROUND PAPERS

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

APPENDIX A

ABERDEEN CITY COUNCIL
2013/14

General Fund Revenue Position
As at 31 December 2013

As at end of December 2013		Year to Date			Forecast to Year End		
Accounting Period 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Forecast Outturn £'000	Variance Amount £'000	Variance Percent %
Services							
Office of Chief Executive	864	634	564	(70)	823	(41)	(4.75%)
Corporate Governance	27,755	21,502	20,557	(945)	26,934	(821)	(2.96%)
Enterprise Planning and Infrastructure	40,125	31,424	29,699	(1,725)	37,939	(2,186)	(5.45%)
Housing and Environment	36,399	27,299	24,268	(3,031)	33,540	(2,859)	(7.85%)
Education Culture and Sport	161,294	122,350	116,760	(5,590)	160,978	(316)	(0.20%)
Social Care and Wellbeing	121,071	90,889	89,316	(1,573)	120,540	(531)	(0.44%)
Total Service Budgets	**387,508**	**294,098**	**281,164**	**(12,934)**	**380,754**	**(6,754)**	**(1.74%)**
Total Corporate Budgets	**33,714**	**3,736**	**(857)**	**(4,593)**	**35,628**	**1,914**	**5.68%**
Total Net Expenditure	**421,222**	**297,834**	**280,307**	**(17,527)**	**416,382**	**(4,840)**	**(1.15%)**
Funding:							
Government Support-							
General Revenue Grant & Non-Domestic Rates	(321,429)	(241,047)	(239,863)	1,184	(321,429)	0	0.00%
Local Taxation-							
Council Tax & Community Charge Arrears	(99,793)	(74,845)	(85,330)	(10,485)	(99,805)	(12)	(0.01%)
Total Funding	**(421,222)**	**(315,892)**	**(325,193)**	**(9,301)**	**(421,234)**	**(12)**	**(0.00%)**
Net Impact on General Fund (Surplus)/Deficit	**0**	**(18,058)**	**(44,886)**	**(26,828)**	**(4,852)**	**(4,852)**	
Transfer to / (from) Earmarked GF Reserve	0	0	0	0	4,852	4,852	
Transfer to / (from) Uncommitted GF Reserve	0	0	0	0	0	0	
Net Impact on Budget (Surplus)/Deficit	**0**	**(18,058)**	**(44,886)**	**(26,828)**	**0**	**0**	

Assumptions:

Year to date
- In the Service and Corporate Budgets accruals have been applied as at the end of December for material items and significant areas of service;
- Council Tax income is generally collected over the first 10 months of the year therefore is shown to be ahead of budget as at the end of December;
- The 1% pay award for non-teaching staff was paid at the end of November and is included in the year to date figures.

Forecast Outturn
- The 1% pay award forecast, due to timing, has been removed from services as there is a specific contingency held within the Corporate Budgets that has been forecast to cover this in full. This will be amended to ensure it is aligned to actual expenditure in the Services for future periods;
- Known commitments and expenditure plans have been taken into account in relation to the forecasts;
- Accounting staff have undertaken regular meetings with budget holder and have sought to confirm as far as possible the planned expenditure within Services, the outcome of these discussions are included in the forecast outturn;
- It has been forecast that the use of contingencies may be required before the end of the financial year therefore expenditure has been estimated to cover such a need;

APPENDIX B

ABERDEEN CITY COUNCIL
2013/14

General Fund Capital Programme
As at 31 December 2013

As at end of December 2013					
Accounting Period 9	**Approved Budget £'000**	**Service Determined Minimum Required £'000**	**Actual Expenditure £'000**	**Variance Amount £'000**	**Percent Spend %**
Services					
Corporate Governance	3,278	596	62	(534)	10.3%
Education Culture and Sport	12,512	5,008	5,056	48	101.0%
Enterprise Planning and Infrastructure	43,882	36,333	13,745	(22,588)	37.8%
Housing and Environment	14,742	4,671	2,261	(2,410)	48.4%
Social Care and Wellbeing	6,446	972	191	(781)	19.6%
Total Service Budgets	**80,860**	**47,580**	**21,314**	**(26,266)**	**44.8%**
Funding:					
General Capital Grant	(15,807)	(15,807)	(11,914)	3,893	75.4%
Specific Capital Grant	(232)	(232)	0	232	0.0%
Other Capital Financing	(64,821)	(31,541)	(9,400)	22,141	29.8%
Total Funding	**(80,860)**	**(47,580)**	**(21,314)**	**26,266**	**44.0%**
Slippage Required/ (Underspend)	**0**	**0**	**0**	**0**	

Assumptions:

Actual Exp.
- Expenditure has been shown on a cash basis, i.e. transactions completed prior to the end of December are reflected in the values shown;
- The total value of grant received has been recorded and this is balanced by other capital financing, which will be finalised at the year end.

Service Det. Min.
- Known commitments and expenditure plans have been taken into account in relation to the Service Determined Minimum values;
- Accounting staff have undertaken regular meetings with budget holder and have sought to confirm as far as possible the planned expenditure within Services, the outcome of these discussions are included in the forecast outturn;
- The Corporate Asset Group reviews the values on a regular basis.

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	20th February 2014
CHIEF EXECUTIVE	Valerie Watts
TITLE OF REPORT	2013/14 Common Good Budget – Monitoring Report Update
REPORT NUMBER:	CG/14/013

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:
   a) Inform the Committee of the income and expenditure position of the Common Good Fund for the period to 31 December 2013, including the forecast outturn for the year to 31 March 2014.
   b) Provide a forecast position of the cash balances as at 31 March 2014.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:
   a) Notes the income and expenditure position as at 31 December 2013 and the forecast outturn for the year to 31 March 2014; and
   b) Notes the forecast cash balances as at 31 March 2014 of £7M based on current estimates, which is within the recommended levels indicated by the Head of Finance.

3. FINANCIAL IMPLICATIONS

3.1 The financial implications are detailed in the report at section 5.

4. OTHER IMPLICATIONS

4.1 None.

5. REPORT

Income and Expenditure – Forecast Outturn

5.1 The outturn for the year to 31 March 2014 shows a forecast deficit position of £800K which is an unfavourable variance from budget of £330K. A table summarising income and expenditure is given in Appendix A to this report.

5.2 The changes in forecast outturn compared to budget result from the following:-

	£'000s
Steading at Kepplestone and Kirkhills Farm - not being rebuilt this financial year. Budget will need to be carried forward to 2014/15.	(125)
Rental income - rent reviews.	(60)
Civic Support Team - non filling of vacant posts has resulted in a saving.	(35)
Receptions - a decrease in application numbers for this year has resulted in a saving.	(30)
Lord Provost Gift Fund/Lord Lieutenancy - close monitoring of these budgets is expected to result in a saving.	(5)
Archivist Unit - The overspend relates to central support costs and reflects the actual CSS expenditure in 2012-13.	10
Repairs & Maintenance - Farm properties - Expenditure agreed at Finance, Policy & Resources on 26th September 2013.	20
Energies City Challenge Cup - agreed at Urgent Business Committee 11th July 2013.	25
Interest on invested funds.	30
Tenants Compensation - This expenditure was agreed at Finance and Resources on 21st February 2013.	500
	330

Cash Balances

5.3 The forecast cash balance as at 31 March 2014 is £7M. Included in this amount is a sum of £280K remaining for the Greenfern Development and £20K for Newhills Development within earmarked reserves. A total budget of £450K was agreed at the Resources Management committee on 18th January 2008 for the Greenfern Development and this money will be paid back into the Common Good Fund at a later date. A total budget of £50K was agreed at Finance and Resources on 4th October 2012 for Newhills Development.

5.4 The Council agreed at the budget setting meeting on 14th February 2013 that the minimum cash balance should be the equivalent of two years worth of expenditure. This equates to £5.8M.

5.5 As trustee of the Common Good, the Council has a duty to ensure that cash balances are maintained at levels to generate sufficient annual income to fund any future expenditure from the Common Good deemed appropriate.

5.6 The Common Good will benefit from the value of land transactions that have arisen this year and where appropriate these will be invested in line with the current Common Good investment strategy.

6. COMMUNITY & SERVICE IMPACT

6.1 To enable the Common Good to support the wide range of ventures that it does it is essential that the Common Good is managed effectively and the value maintained and investment returns improved to ensure it's sustainability for the future.

7. REPORT AUTHOR DETAILS

Catriona Gilmour - Accountant
☎ (34)6377
Email cgilmour@aberdeencity.gov.uk

8. BACKGROUND PAPERS

None.

Page 56

Appendix A

As At 31 December 2013		Year to Date			Forecast to Year End		
ACCOUNTING PERIOD 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn Note 1 £'000	Variance Amount £'000	Variance Percent %
Recurring Expenditure	2,878	788	788	0	2,838	(40)	(1.4%)
Recuring income	(2,846)	(2,065)	(2,065)	0	(2,874)	(28)	0.98%
Budget after Recurring Items	**32**	**(1,277)**	**(1,277)**	**0**	**(36)**	**(68)**	(212.5%)
Non Recurring Expenditure	442	10	509	499	840	398	90.05%
TOTAL	**474**	**(1,267)**	**(768)**	**499**	**804**	**330**	69.62%

Cash Balances as at 1 April 2013 (unaudited)	(7,853)	(7,853)
Estimated Cash Balances as at 31 March 2014	(7,379)	(7,049)
Minimum cash balance requirement per budget report (Council 14th February 2013)	(5,800)	(5,800)

Note 1

The forecast outturn figure takes into account £1.62M of expenditure that takes place at year end e.g Funding of Twinning activites, Entertainment for the Elderly and Disabled and Contributions to Trusts and Festivals.

ABERDEEN CITY COUNCIL

COMMITTEE:	Finance, Policy and Resources
DATE:	21 February 2014
DIRECTOR:	Angela Scott
TITLE OF REPORT:	Treasury Management Policy and Strategy
REPORT NUMBER:	CG/14/012

1. PURPOSE OF REPORT

To outline the Treasury Management Policy and Strategy for 2014/15 to 2016/17, for approval.

2. RECOMMENDATION(S)

The Committee is asked to consider the report and make recommendations to Council for approval as follows:-

a) Consider and approve the Council's Treasury Management Policy Statement for 2014/15 to 2016/17 as detailed at Appendix 1,

b) Consider and approve the Council's Borrowing and Investment Strategy for 2014/15 to 2016/17 as detailed at Appendix 2, and

c) Approves the revised Counterparty list as detailed at Appendix 3.

3. FINANCIAL IMPLICATIONS

Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts upon costs chargeable to the Council's revenue budgets through the interest rates that are applied to capital financing costs. Whilst the level of borrowing a Council can undertake is now devolved from the Scottish Government to individual Councils, it will still be constrained by the requirement for capital investment to <u>be affordable, sustainable and prudent</u>. The main test of affordability will be whether the capital financing costs can be contained within the revenue budgets.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

5.1 Introduction

The Council previously approved a Treasury Management Policy on 21 February 2013. Part of this policy is to report annually on a strategy for future financial years. A final report reviewing Treasury Management activities for the year, as well as a mid-year review, will also be presented to Committee in due course.

With effect from 1 April 2004, Councils are now 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.

It is a requirement of this Code that Treasury Management is carried out in accordance with good professional practice. The Code requires the Council to comply with CIPFA "Code of Practice for Treasury Management in the Public Services", which this Council does. The 2009 update to the CIPFA Code of Practice states that Treasury Management Strategy must be approved annually by full Council.

Historically, the Council's annual programme of capital investment has been funded by Treasury Management activities, such as additional long-term borrowing.

5.2 Treasury Management Policy Statement 2014/15 to 2016/17

The proposed Treasury Management Policy Statement for 2014/15 to 2016/17 is set out in detail at Appendix 1, and is subject to annual review.

This Policy Statement uses a form of words as recommended by CIPFA in its Code of Practice for Treasury Management in the Public Services

5.3 Borrowing and Investment Strategy 2014/15 to 2016/17

There are no key changes within the Council's Borrowing and Investment Strategy for 2014/15 to 2016/17.

Updated investment regulations were approved by the Scottish Government from April 2010. Under these regulations, Appendix 2 includes for Committee's consideration and approval, the Council's Borrowing and Investment Strategy for 2014/15 to 2016/17. This will be subject to annual review.

The process of setting this strategy takes account of the pre-existing structure of the Council's debt and investment portfolios.

The limits on fixed rate debt and variable rate debt within this Treasury Management Strategy may be subject to further change, in line with market conditions. However, any such change to these limits would be reported to Committee.

One of the key areas of the investment regulations is permitted investments. Under the regulations, local authorities are required to set out in their Strategy the types of investment that they will permit in the financial year. These will be known as permitted investments. The Council is required to set a limit to the amounts that may be held in such investments at any time in the year, although some types of investment may be classed as unlimited, e.g. Bank deposits (subject to individual Counterparty list limits).

Permitted Investment instruments identified for use in the financial years 2014/15 to 2016/17 are listed in Appendix 2, together with an updated Council Counterparty list which is listed in Appendix 3.

The Annual Investment Strategy is also required to identify:-

- the different types of risk that each permitted type of investments are exposed to;
- the objectives for each type of permitted investment;
- details of the maximum value and maximum period for which funds may prudently be invested; and
- procedures for reviewing the holding of longer-term investments

5.4 Other Developments

Prudential Code

The Council is required to comply with the requirements of the Prudential Code. This includes the setting of a number of Prudential Indicators. Included within these indicators are a number of Treasury Management Indicators for External Debt.

However, the Code does state “It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate”.

The Council has in place an early warning system to highlight when these indicators are likely to be breached. No indicators were breached during the previous year.

National Limit on Local Authority Borrowing

HM Treasury has a reserve power to limit local authority borrowing for 'national economic reasons'. Legislation specifies that any such 'National Limit' would be used to protect the country's economic interest if local borrowing under the Prudential Code, albeit prudent locally, were unaffordable nationally.

In principal, a national limit could be set at any point during any financial year. Any such national limit would be implemented, based on local authorities outstanding borrowing with all future borrowing being reduced proportionately. There are no known plans for the introduction of a National Limit at this time.

6. IMPACT

Corporate - If an active Treasury Management policy is not undertaken and implemented there may be future budgetary implications for the Council through greater than budgeted capital financing costs.

7. MANAGEMENT OF RISK

The CIPFA Code of Practice states that in the use of financial instruments for the prudent management of risk, priority must be given to security and liquidity, when investing funds.

8. BACKGROUND PAPERS

CIPFA "Code of Practice for Treasury Management in the Public Services", Capita Asset Services "Treasury Management Annual Investment Strategy", Scottish Government "The Investment of Money by Scottish Local Authorities".

9. REPORT AUTHOR DETAILS

Neil Stewart, Treasury Officer, nstewart@aberdeencity.gov.uk, (52)2696

Appendix 1

ABERDEEN CITY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT FOR 2014/15 TO 2016/17

The proposed Treasury Management Policy for 2014/15 to 2016/17 is as follows:

1. Aberdeen City Council will adopt the CIPFA Treasury Management in Public Services Code of Practice. The Council will also have regard to the Local Government Investment (Scotland) Regulations 2010.

2. The Council defines its treasury management activities as:
   The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

4. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

5. The Council's appointed Treasury Advisors are Sector Treasury Services. Their expertise will continue to be used by the Council in making Treasury decisions in areas such as debt rescheduling, interest rate forecasts, market conditions, advice on new types of financial instruments and compiling the Council's Counterparty list.

ABERDEEN CITY COUNCIL

BORROWING STRATEGY FOR 2014/15 TO 2016/17

The proposed Treasury Management Borrowing Strategy for 2014/15 to 2016/17 is as follows:

1. Under the Prudential Code previous borrowing restrictions linked to consents no longer apply. Short-term PWLB (Public Works Loans Board) rates for periods of up to 10 years continue at relatively low levels and the strategy would be to borrow, if required, in these periods to take advantage of those rates. In addition to PWLB, there may be an opportunity to use longer-term LOBO (Lenders Option, Borrowers Option) loans, once interest rates start to rise again. Rates are monitored on an on-going basis to determine the optimum time to undertake any necessary borrowing. When decisions on new borrowing are being made, due consideration must also be given to the Council's Debt Maturity Profile.

2. Approximately 85% of the Council's borrowing is in long-term fixed rate loans, which reflects the lower interest rates available in recent years. Whilst there is no immediate intention to reschedule debts in 2014/15, if opportunities arise to do so that will result in a decrease in the Council's cost of borrowing then these will be fully examined to determine whether this represents Best Value. Due care and attention to FRS 25 and 26 will be examined prior to entering any such commitment.

3. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2014/15, 2015/16 and 2016/17 of 100% of its net outstanding principal sums.

4. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2014/15, 2015/16 and 2016/17 of 30% of its net outstanding principal sums. This means that the Head of Finance will manage fixed interest rate exposures within the range 70% to 100% and variable interest rate exposures within the range 0% to 30%.

5. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

   Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper limit	Lower limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	25%

6. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

INVESTMENT STRATEGY FOR 2014/15 TO 2016/17

The proposed Treasury Management Investment Strategy for 2014/15 to 2016/17 is as follows:

1. The Council's investment priorities are: -
   (a) the security of capital and
   (b) the liquidity of its investments.

2. The risk appetite of this Council is low in order to give priority to security of its investments. The Council will also aim to achieve the optimum return on its investments in line with proper levels of security and liquidity.

3. The Council's approved counter party list will be adhered to when making short-term investments and reviewed as necessary. This ensures that only those counter parties with the highest credit ratings are used within the maximum limits set. If it is considered necessary to make any changes to the list Committee approval will be sought.

4. Prior to the introduction of the new investment regulations, investments made by Scottish local authorities were limited to one year. This restriction was removed from 1st April 2010 and the Council accordingly wishes to make use of these powers at times when such investing is both appropriate and attractive.

5. Short-term investment rates for periods of up to 12 months continue at relatively low levels and in line with the Council's recent borrowing strategy of borrowing short-term to take advantage of lower rates, the Council does not envisage having substantial surplus funds to invest. Therefore any surplus cash which the Council does have at it's disposal will be required to be kept fairly liquid for cashflow purposes, and accordingly will be invested on a short-term basis, using either Bank deposits or Money Market Funds.

6. Rates are monitored on an on-going basis to determine the optimum time to undertake any investments. When decisions on new investments are being made, due consideration must also be given to the Council's projected cashflow position.

7. With the introduction of the new investment regulations, the Local Authority investment market will start to develop new products. In order to protect against any possible loss of income, the power to add a new investment instrument to the list of Permitted Investments, should be delegated to the Head of Finance. Any such approval would be reported at the next committee meeting.

LIST OF PERMITTED INVESTMENTS

This Council approves the following forms of investment instrument for use as permitted investments: -

DEPOSITS - Unlimited (subject to individual Counterparty list limits)
Debt Management Agency Deposit Facility
Term deposits – local authorities (as per Counterparty list)
Call accounts – banks and building societies (as per Counterparty list)
Term deposits – banks and building societies (as per Counterparty list)
Fixed term deposits with variable rate/maturities (Structured deposits, as per Counterparty list)

COLLECTIVE INVESTMENT SCHEMES - £50m
Government Liquidity Funds
Money Market Funds (subject to individual Counterparty list limits)
Enhanced cash funds
Gilt Funds
Bond Funds

GOVERNMENT SECURITIES - £10m
Treasury Bills
UK Government Gilts
Bond issuance (from financial institution guaranteed by UK Government)
Bonds issued by multilateral development banks

CORPORATE SECURITIES - £10m
Certificates of deposit (as per Counterparty list)

PERMITTED INVESTMENTS - NON TREASURY INVESTMENTS

The Council can also invest in the following areas, which are outwith the Treasury Management scope and would be subject to separate committee approval: -

a) All share holding, unit holding and bond holding, including those in a local authority owned company;
b) Loans to a local authority company or other entity formed by a local authority to deliver services;
c) Loans made to third parties;
d) Investment properties.

TREASURY RISKS AND CONTROLS

All investment instruments listed are subject to the following risks: -

1. Credit and counter-party risk: this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have a very high level of creditworthiness.

   Control: This authority has set minimum credit criteria to determine which counterparties are of high creditworthiness to enable investments to be made safely.

2. Liquidity risk: this is the risk that cash will not be available when it is needed. All counterparties are subject to at least a very small level of liquidity risk, as credit risk can never be zero. Liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a. cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

   Control: This authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.

3. Market risk: this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long-term increase in value.

   Control: This authority does not purchase investment instruments that are subject to market risk in terms of fluctuation of their value.

4. Interest rate risk: this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for instruments with a variable rate of interest.

   Control: This authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise borrowing costs.

5. Legal and regulatory risk: this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

   Control: This authority will not undertake any form of investing until it has ensured that it has all the necessary powers and also complied with all regulations.

ABERDEEN CITY COUNCIL
COUNTERPARTY LIST

Changes are required to the current counterparty list as follows:

1. Add Santander UK plc to ‘Deposits up to 3 months – UK Banks’
2. Nationwide Building Society - Reduce maximum lending period from ‘up to 6 months’ to ‘up to 3 months’

Deposits up to 12 months

UK Nationalised and Part Nationalised Banks - £30m limit

Lloyds Banking Group (includes Lloyds TSB Bank plc, Bank of Scotland)

The Royal Bank of Scotland Group plc
(includes Royal Bank of Scotland plc, National Westminster Bank plc, Ulster Bank Ltd)

UK Banks - £10m limit

HSBC Bank plc

Standard Chartered Bank

Other Banks - £10m limit

Handelsbanken

UK Local Authorities, including Police Authorities - £10m limit

Deposits up to 3 months

Council's Bankers - £20m limit

Clydesdale Bank plc

UK Banks - £10m limit

Barclays Bank plc

Santander UK plc

UK Building Societies - £10m limit

Nationwide Building Society

Collective Investment Schemes - £50m total limit

Money Market Funds - £10m limit

Federated Prime Rate Sterling Liquidity Fund

Goldman Sachs Sterling Liquid Reserve Fund

Ignis Liquidity Fund

Morgan Stanley Sterling Liquidity Fund

Deutsche Managed Sterling Fund

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	20 February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	Small Financial Assistance Grants – 2013/14
REPORT NUMBER	CG/14/024

1. PURPOSE OF REPORT

The purpose of this report is to present applications for financial assistance which have recently been received and to allow Elected Members to make a decision on providing funding from the financial assistance budget.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

i) agree to award the following grant:
- Friends of Anchor - £1,000

ii) agree that no further funding be awarded to:-
- Anglo-Japan Collaboration – All Together Better Health Conference

However, to approve that the balance of £425 unspent from the previous grant be retained for use towards this years conference.

3. FINANCIAL IMPLICATIONS

There is a sum of £55,770 included in the 2013/14 Council Revenue Budget.

The amount committed from this budget prior to this committee is £28,475, leaving £27,295 remaining. If the above recommendations were to be approved the amount committed would be £29,475, leaving £26,295 remaining.

4. OTHER IMPLICATIONS

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

5. BACKGROUND

At the meeting of 25 April 2013 the Committee approved a revised set of assessment criteria for the awarding of small financial assistance grants.

These were as follows:

Small Financial Assistance Grants – Assessment Criteria
a) An application will only be considered where there is no established Council funding budget alternative; b) An application can be submitted by an individual, group or organisation for a clear and specific purpose and must include relevant background information and financial circumstances; c) If funding is being provided to the applicant from another Council budget the application will not be considered; d) Funding, where awarded, will not be available in the subsequent year from this budget; e) Funding, where awarded, will not exceed £2,500; f) Applications from individuals seeking sponsorship, for taking part in fundraising events abroad or for placements with charitable organisations or trusts in developing countries, will be declined; g) Applications from individuals, groups or organisations seeking assistance towards costs of excursions outwith the City will not be supported; h) Applications from national organisations will not be supported unless there is some clear and measurable local benefit; i) Applications in relation to health related matters, which are seen as the clear responsibility of the health authorities, will not be supported; j) Costs associated with hiring the Beach Ballroom either in whole or in part, can be considered, for fund-raising events and gatherings; k) An award of financial assistance will only be considered where budget remains available.

In the past the Committee has, where it's deemed it appropriate, approved funding that has not been in line with the assessment criteria however the applications received have been assessed on the basis of the criteria.

Applications:

5.1 Friends of ANCHOR – (Further information at Appendix A)

An application has been received from the Friends of ANCHOR requesting that consideration be given to permitting the Beach Ballroom to waive their room hire fee for the Courage on the Catwalk 2014 event on 30th March 2014.

Rather than the fee being waived this application has been considered under the assessment criteria above for small financial assistance grants.

It is recommended that funding of £1,000 be awarded.

5.2 Anglo-Japan inter-professional education collaboration in medical research and public health practice – (Further information at Appendix B)

A request has been received from Dr Morag McFadyen, Lecturer in Biomedical Sciences at Robert Gordon University for further funding to allow her and three colleagues to present their findings on the above project to the All Together Better Health VII (ABTH VII) conference in Pittsburgh, USA on 6th - 8th June 2014.

Funding of £2,000 was approved by this Committee in October 2012 towards the costs of attendance at the All Together Better Health VI conference in Kobe, Japan in October 2012. It should be noted from the letter at Appendix B that £425 of this funding remains unspent.

In terms of assessment criteria d) and g) above, this application would not be supported and therefore it is recommended that no further funding is awarded. However, it is further recommended that the £425 remaining from the previous funding can be retained and used towards the costs of this latest conference.

6. IMPACT

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

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

Sandra Buthlay
Senior Accountant
sbuthlay@aberdeencity.gov.uk
☎ (52) 2565

APPENDIX A

Friends of ANCHOR
friendsofanchor.org

c/o Balmoral Group Ltd
Public Relations Department
Balmoral Park, Loirston,
Aberdeen AB12 3GY
Tel 01224 859153
Fax 01224 859123
Mob 07831 882028
Email fou@balmoral.co.uk

Donate online at
www.friendsofanchor.org

RECEIVED 22 JAN 2014

Councillor George Adam
Lord Provost of Aberdeen
Lord Provost's Office
Aberdeen City Council
Town House
Aberdeen. AB10 1LP

17 January 2014

Dear George -

COURAGE ON THE CATWALK 2014

Following the success of last year, Friends of ANCHOR will once again be hosting 'Courage on the Catwalk' at the Beach Ballroom. This year, the event is being held on Mothering Sunday, 30th March. The two shows will feature a new group of women from the North-east whose lives have been directly affected by cancer. The event will celebrate the beauty and bravery of these inspirational ladies as well as raising much-needed funds for our local cancer care facility, the ANCHOR Unit at ARI.

Since 1997, Friends of ANCHOR has helped to transform the North-east cancer and haematology service making the ANCHOR Unit the reputable and impressive NHS facility that it is today. As a result of the support and generousity shown by individuals and businesses, the charity has invested millions into our local cancer service making a significant impact on improved treatments, earlier diagnosis detection, speedier recovery times and more specialised support.

Every penny raised from Courage on the Catwalk will go directly to helping cancer and haematology patients in our region as all of the charity's running and administration costs are fully covered by Balmoral Group. In order to ultimately maximise the funds raised from our event, we write to ask if you would consider giving the Beach Ballroom permission to waive the room hire fee for the 30th March?

In return, we'd be happy to acknowledge your generous contribution to this incredibly special event on the Courage on the Catwalk website as well as in the event programme which will distributed among both audiences totalling over 1,200 people. We would also be delighted if you could personally attend the event again as a guest of myself and the committee at Friends of ANCHOR?

If indeed this is something you could help facilitate it would be greatly appreciated.

Warmest regards

James S. Milne DL CBE DBA (Hon) Chairman, Friends of ANCHOR
cc. The Friends of ANCHOR fundraising team

Friends of ANCHOR supports the ANCHOR unit (Aberdeen & North Centre for Haematology, Oncology & Radiotherapy) at Aberdeen Royal Infirmary and cancer research at the University of Aberdeen.

Registered Charity No. SC025332
James S Milne CBE DL DBA(Hon) DHC, Chairman, Friends of ANCHOR

FundRaising Standards Board
give with confidence

APPENDIX B

Councillor Willie Young
Convenor Finance and Resource
Aberdeen City Council
Town House
Broad Street
Aberdeen
AB10 1FY

Re: Anglo-Japan inter-professional education collaboration in medical research and public health practice.

Dear Mr Young,

I am writing to request further funding from Aberdeen Council for myself (Dr Morag McFadyen) and my colleagues Dr Sundari Joseph, Dr Lesley Diack and Mrs Jenni Haxton to allow us to present the findings of our Anglo-Japan project on inter-professional education collaboration in medical research and public health practice at the All Together Better Health VII (ABTH VII) conference in Pittsburgh USA 6-8th June 2014.

Funding will provide the opportunity to assist in the further development of our existing collaborative exchanges between the two universities in Aberdeen, namely Robert Gordon University and University of Aberdeen and in Japan the Universities of Nagoya and Sendai.

The further development of these collaborations in interprofessional education will integrate with existing IPE initiatives collaborating with the Centre for the Advancement of Interprofessional Education (CAIPE) and the Japanese Association for Interprofessional Education (JAIPE). Together we aim to foster shared educational goals; standards for undergraduate health and social care courses and influence policy and innovative strategies for change.

Following, our extremely successful attendance at the All Together Better Health conference VI (ABTH VI) in Kobe Japan October 2012 funded in part by Aberdeen council. We successfully presented the following five papers on interprofessional education themes.

1. Diversity in Interprofessional Education: Disciplines and Topics, Round Table presentation, lead Dr. Sundari Joseph
2. Interprofessional Basic Life Support, Oral Poster, lead Dr. Morag McFadyen
3. The Arts and Humanities in Interprofessional Education, Round Table presentation, lead Dr. Sundari Joseph
4. Using online communities to developing IPE in practice, Oral Poster, lead Dr. Lesley Diack
5. Interprofessional Education in Practice, Oral Presentation, lead Mrs. Jenni Haxton, practice Education Facilitator NHS Grampian.

This funding assisted three of our group Dr McFadyen, Dr Diack and Mrs Haxton to attend the conference in Japan. It was clear from the outset that our presentations complemented the conference theme of diversity and quality. As we had so many presentations we became well known amongst the delegates and there were many opportunities for ad hoc informal networking outwith the main presentations. We received much praise for the range and quality of projects, demonstrating that Aberdeen has contributed to the wealth of international expertise in IPE.

After discussions with our Japanese colleagues we were successful in obtaining funding (£5,000) from the Sasakawa foundation of Great Britain http://www.gbsf.org.uk/ to promote Anglo-Japanese educational exchange. The initial phase of the project involved Dr Joseph and Mrs Haxton travelling to Nagoya University in December 2013.

Through this project working partnerships have been established between the Aberdeen Universities (RGU and UoA) and Nagoya and Sendai universities in relation to interprofessional education. The first phase of the project was titled 'Playing games in IPE: A Japanese and Scottish experience.'

While there Dr Joseph and Mrs Haxton evaluated a Japanese version of a board game, iPEG that was originally designed in Aberdeen by Dr Joseph and Dr Heather Kirk (formerly at UoA). iPEG is based on the premise of Monopoly and aims to educate students from different health and social care disciplines about professional roles and responsibilities. They also presented to students and staff as well as members of the IPE network from universities across Japan.

We now have sufficient data from the Aberdeen students' experiences of iPEG and the non-participant observations and focus groups in Nagoya to proceed with a further funding application to the Sasakawa Foundation. The emphasis for the next phase will take cognisance of the World Health Organisation's Diabetes focus for 2014.

Please find details of the project team members below.

Dr. Sundari Joseph (project lead), Lecturer in Interprofessional Education, Robert Gordon University and University of Aberdeen UK.
E Mail:

Dr. Keiko Abe, Assistant Professor, Department of Education for Community-Oriented Medicine Nagoya University Graduate School of Medicine, Japan.
E mail:

Dr. Hyun-Jeong Park, Associate Professor, Faculty of Sport Science, Health and Welfare Science, Sendai University, Miyagi-ken 989-1693 Japan.
E mail:

Dr. Lesley Diack, Senior Lecturer E learning, School of Pharmacy and Life Sciences, Robert Gordon University, Aberdeen, UK. E mail:

Mrs. Jenni Haxton, Practice Education Facilitator (Ambulatory Care), Aberdeen Royal Infirmary, Aberdeen, UK. E mail:

Dr. Morag McFadyen MPharm admissions tutor Lecturer in Biomedical Sciences, School of Pharmacy and Life Sciences, Robert Gordon University, UK E Mail:

Dr Mina Suematsu, Assistant Professor, Specialist of Japanese Diabetes Society Department of Education of Community-Oriented Medicine, 65 Tsurumai-cho, Showa-ku, Nagoya, 466-8560, Japan

Dr.Hiroki Yasui, Associate Professor Dept of Education for Community-Oriented medicine, Nagoya University Graduate School of Medicine 65 Tsurumai-cho, Showa-ku, Nagoya, 466-8560, Japan

Dr Suematsu and Yasui were hosts on our recent trip to Japan and we feel their inclusion on the team will more accurately reflect the collaborative nature of the project.

Currently, we have received combined assistance of £1500 from Robert Gordon University and the University of Aberdeen towards costs. In addition we have £425 remaining from the initial funding of £2,000 from Aberdeen Council in July 2012.

We anticipate the flight and accommodation costs to be £1200 per team member with a further £400 per member for registration costs. Therefore, approximate costs of £6,400 for the project team.

A contribution towards conference and travel costs from the Aberdeen council would be most welcome.

The conference website is here for further information http://www.atbh7.pitt.edu/

The Aberdeen Interprofessional Health & Social Care Education website is here for further information http://www2.rgu.ac.uk/ipe/

With best wishes,
Your sincerely,

Morag McFadyen

Lecturer in Biomedical Sciences
MPharm Admissions Tutor

School of Pharmacy and Life Sciences
Robert Gordon University
Riverside East, Garthdee Road
Aberdeen, AB10 7GJ

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE:	Finance, Policy and Resources
DATE:	20 February 2014
DIRECTOR:	Gayle Gorman
TITLE OF REPORT:	COAST – Pension Fund Guarantee
REPORT NUMBER:	

1. PURPOSE OF REPORT

A report was considered by Education, Culture and Sport Committee in November 2013, which set out the proposal to move the management of COAST (the City's performance swimming team) from Sport Aberdeen to Aberdeen Sports Village.

Work is now underway to formally TUPE the affected staff and Aberdeen Sports Village has requested confirmation that the Council will act as a guarantor for any pension liabilities arising from the transfer of the 2 members of COAST staff from Sport Aberdeen to Aberdeen Sports Village.

This report seeks approval for Aberdeen City Council to act as guarantor in respect of these staff who are due to transfer to Aberdeen Sports Village in April 2014.

2. RECOMMENDATION(S)

It is recommended that the Committee:

Agrees that the Council will act as guarantor in respect of the transferring employees. (Subject to the Pensions Panel accepting the application from ASV for these employees to remain in the scheme.)

3. FINANCIAL IMPLICATIONS

There are no initial financial implications for the Council. It is understood that the Council currently acts as pensions guarantor in respect of these employees through their employment with Sport Aberdeen.

Aberdeen Sports Village will be responsible for employer contributions to the North East Scotland Pension Fund. In the event that the body should cease to exist all further liabilities would be met jointly by the City Council and University on a 50/50 basis with past service costs met solely by the Council.

4. OTHER IMPLICATIONS

Legal Implications

There are two members of staff who will be transferred through TUPE from Sport Aberdeen to Aberdeen Sports Village.

Sport Aberdeen is wholly owned by the Council and Aberdeen Sports Village is owned between the Council and the University on a 50/50 basis. The relationships between each of these organisations and the Council is governed through a set of legal documents.

5. BACKGROUND/MAIN ISSUES

5.1 **COAST – Performance Swimming Programme**
COAST (City of Aberdeen Swim Team) is Aberdeen's performance swimming programme. The programme allows swimming clubs within Aberdeen to train together and compete as a composite club. COAST was initially established in 1996, and is now regarded as a high performing Scottish swimming team.

5.2 Aberdeen City Council provides a significant level of funding to COAST, through Sport Aberdeen. When Sport Aberdeen was set up in 2010, the management of COAST transferred to Sport Aberdeen, along with annual Council funding of £110,769 per year.

5.3 To ensure that the highly performing athletes within COAST continue to be supported to reach their potential, it is recognised that the appropriate place for COAST swimmers to train will be in the Aberdeen Aquatics Centre. With this in mind, it is logical for the management of COAST to transfer from Sport Aberdeen to Aberdeen Sports Village. This principle is agreed by both Sport Aberdeen and Aberdeen Sports Village.

5.4 To support this change in management, the Council's Education, Culture and Sport Committee agreed to change the Funding and Services grant payment for each organisation to reflect the transfer of responsibility for delivery of this service. The formal transfer date is expected to be 1 April 2014.

5.5 **North East Scotland Pension Fund**

As the administering authority for the North East Scotland Pension Fund, the City Council is responsible for the prudent governance and management of the Pension Fund in the interest of all scheduled and admitted bodies. As the administering authority, Aberdeen City may admit a body to the Pension fund as 'an admitted body' providing:

i.) The organisation can confirm that they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest, whether because the operations of the admission body are dependent on the operations of the Scheme employer or otherwise.

ii.) The Scheme employer is prepared to act as a Guarantor in the event that the admitted body should cease to exist. If this situation were to occur and staff were made redundant, the staff over age 50 would become entitled to immediate payment of their pension benefits. This would create a cost to the pension fund as the pension benefits would have to be paid prior to normal retirement age. This cost is known as the "strain on the fund" and as from 1 April 2001 has become a charge to the scheme employer.

At a meeting of the Pension Panel on 12 March 2008 admitted body status was granted to the Aberdeen Sports Village, for transferring employees subject to Aberdeen City Council acting as ultimate guarantor in the event that the Sports Village ceases to trade and benefits became payable.

At its meeting of 5 August 2009, the Council's Urgent Business Committee agreed to act as ultimate guarantor in respect of the transferring employees (from the University of Aberdeen) employed by the Aberdeen Sports Village.

5.6 **Guarantee**

In respect of the proposed transfer of employees from Sport Aberdeen to Aberdeen Sports Village, the Pensions Fund has asked for a formal guarantee by the Council and the University of Aberdeen for any pension liabilities arising from the transfer of the 2 members of COAST staff from Sport Aberdeen to Aberdeen Sports Village.

These employees are currently employed by Sport Aberdeen, through which the Council is currently ultimately liable.

6. IMPACT

Corporate – This report relates to 'Aberdeen – the Smarter City'

- We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self-esteem.
- We will improve access to and increase participation in arts and culture by providing opportunities for citizens and visitors to experience a broad range of high quality arts and cultural activities.
- We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the cultural economy.

- We will embrace the distinctive pride the people of Aberdeen take in their city and work with them to enhance the sense of well-being here, building strong communities which look out for, and look after one another.

This report also relates to the Combined Community Plan and Single Outcome Agreement as follows:

- Protecting children and vulnerable adults
- People of all ages take an active part in their own learning to achieve their full potential Learning and training is appropriate and accessible to learner's needs
- Children and young people access positive learning environments and develop their skills, confidence and self esteem to the fullest potential
- Children, young people and their families/carers are involved in decisions that affect them. Their voices heard and they play an active and responsible role in their communities
- Educational attainment in Aberdeen is continuously sustained and improved
- Children and young people actively participate in their communities and have optimum involvement in decision making
- All children, young people and their families have access to high quality services when required and services provide timely, proportionate and appropriate response that meeting the needs of children and young people within Getting it Right for Every Child, (GIRFEC) requirements
- Improve the quality of life in our most deprived areas
- Citizens are increasingly more active in their communities regardless of age, gender, sexual orientation, ethnic origin, where they live, disability or faith/religion/belief and contribute to 'active citizenship'
- Develop pathways to participation which enhance the diversity of local representation at and engagement with regional, national and international arts, heritage and sporting events
- Our public services are consistently high quality, continually improving, efficient and responsive to local people's needs

7. MANAGEMENT OF RISK

The risk relates to the possibility of the admitted body ceasing to exist. Aberdeen City Council currently carries this risk in respect of these employees through their employment with Sport Aberdeen, and this report recommends that the Council continues to carry this risk in respect of these employees through their employment with Aberdeen Sports Village.

8. BACKGROUND PAPERS

5/8/09 Urgent Business Committee: Aberdeen Sports Village – Pension Fund Guarantee Report

9. REPORT AUTHOR DETAILS

Gail Woodcock
Service Manager Sport & Communities
gwoodcock@aberdeencity.gov.uk
01224 522732

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	20 February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	Fixed Lines and Mobile Telephony
REPORT NUMBER:	CG/14/023

1. PURPOSE OF REPORT

This report seeks the approval of the Committee to procure fixed lines and mobile telephony services through a Government framework agreement.

2. RECOMMENDATION(S)

It is recommended that the Committee:

Approve the use of an appropriate framework agreement to procure fixed line and mobile telephony services and the entering into of a contract (or contracts) for a 2 year period (with the option to extend for two further periods of one year each, meaning that the maximum possible duration is 4 years), the particular framework agreement to be selected by the Director of Corporate Governance following consultation with the Council's ICT, Procurement and Legal teams.

Approve the total estimated expenditure of £4,500,000 in respect of the entering into of the said proposed contract or contracts.

Grant exemption from any of the Council's "Standing Orders relating to Contracts and Procurement" form which exemption is required in order to allow the said proposed contract or contracts to be entered into, including SO 11 (Corrupt or Illegal Practices), 13 (Insurances) and 26(3) (Freedom of Information) which require that specific clauses relating to those matters be included in Council contracts.

3. FINANCIAL IMPLICATIONS

The Council's spend on fixed line rental and call charges and mobile telephony device purchase, rental and call charges for the past 3 years are highlighted in the following table. The costs are pro-rated from service revenue budgets and managed by the Council's ICT service through a central telecoms budget.

Year	O2 Onebill Spend	BT Onebill Spend	Mobile Telephony Call/Rental and one-off costs for devices
2010/11	None	£733,269	£457,807
2011/12	£356,568	£209,682	£363,965
2012/13	£356,702	£305,275	£457,229
2013/14 (projected spend based on actuals to P9)	£360,000	£274,000	£386,400

While there has been a gradual decrease in the use of fixed lines for telephony services, as smaller offices are amalgamated or closed, there has been an increasing use of mobile devices to provide effective services to employees to meet their service needs. It is anticipated that this rise in the use of mobile devices will continue for the foreseeable future through maximizing potential for employees to work at locations other than a fixed office.

Transition of services from one supplier to another may incur a termination fee. Potential termination fees for mobile telephony services have been reserved.

4. OTHER IMPLICATIONS

The Council contracted with O2 through a Procurement Scotland Framework Agreement for fixed line circuits in 2011. This contract expires on 31 March 2014.

The Council continues to have individual fixed lines with BT and other providers related to specific technical services.

The Council contracted with Vodafone through an OGC Framework Agreement for mobile telephony and the current contract extension expires on 30 June 2014.

Over the past few years, the telephony marketplace has changed significantly and most of the major providers carry both fixed line and mobile telephony. It is believed that there are further savings to be found if a tender was issued covering both services.

Any procurement should be carried out through a Framework Agreement which includes incumbent contract providers, as well as alternative suppliers.

It is likely that any relevant framework agreement or call-off contract will not contain clauses which comply exactly with the requirements of Standing Orders 11 (Corrupt or illegal Practices), 13 (Insurances) and 26(3) (Freedom of Information). Exemption from those Standing Orders (and any others from which exemption may prove necessary) is therefore sought. The absence of the clauses required by those Standing Orders is not considered to be a significant risk in this instance.

5. BACKGROUND/MAIN ISSUES

The Council's current fixed line estate is made up of 1002 lines through O2, and 524 lines through other providers. Fixed lines are generally voice or alarm services but around 10% of lines are also used to carry data services, such as broadband.

The current fixed line service contract was procured through a Scottish Procurement Framework in 2009/10 and awarded to O2 with a start date of 1st April 2011 for 2 years. The contract was extended under the terms of the contract for a further year until 31 March 2014. While the majority of Council advertised telephone numbers are provisioned through this contract, e.g. 522000, during contract transition, a number of fixed lines were found not to be able to be transitioned to the new contract due to the specific services running on these lines – for example Redcare Alarm lines which require a BT fixed line. Any such lines remained with their initial service provider and are renewed on an annual basis dependent on service requirements.

The Council's current mobile estate is made up of approx. 3600 mobile devices, including standard mobile phones which only carry voice and text messaging services and Blackberry, Smartphones and increasingly tablet devices which incorporate data carrying services for access to email, internet and Council web services through a virtual private network.

The Council's current call-off contract for mobile devices is with Vodafone. The OGC Framework call-off contract was extended in 2012 for a 28 month period until 30 June 2014. Under the terms of the call-off contract a device is taken out for a 2 year period from the date of its delivery to Aberdeen City Council. At the end of the two year period, the Council can choose to retain the device out of contract and continue to pay rental and call/data charges to Vodafone for the duration of the overall contract. Any devices added to the call-off contract since 1st August 2012 will have a termination fee equivalent to the rental charge for the number of months remaining on its individual 2 year rental contract beyond June 2014; i.e. a mobile phone added on 1 August 2012 will have a termination fee equivalent to one month rental while a mobile phone added on 1 February 2014 will have a termination fee equivalent to 19 months rental. The total estimated termination fee in respect of the current mobile estate is £41K. In order to reduce potential termination fees, the ICT Service have attempted to re-use mobile connections (numbers) when a member of staff returns a mobile device. This has had mixed success as the customer experience of using a number that someone else has previously had can bring with it unwanted calls, and also has a high administration overhead. In preparation for any potential termination fee, the Council has reserved £10 for every mobile device purchased since June 2014. The current value of this reserve fund is £8,200.

While in the past it has operationally been more effective to have separate contracts for fixed lines and mobile telephony services, due to the significant increase in the number of data carrying mobile devices in the past 2 years it is believed that there is merit in exploring the marketplace to determine whether it is feasible to procure both fixed line and mobile telephony services from a single supplier. There are currently three one-bills from O2, BT and Vodafone each with a different format. There are currently the equivalent of 3 fte members of staff across the Council (ICT, Finance and Directorate Support teams) required to administer the fixed line/mobile device ordering process, process the three one-bill invoices and administer the call charges back to the relevant service area e.g. for Elected Members budgets. A single supplier would mean that this administration would be more efficient and allow the individuals involved in this process to spend more time on their other duties.

There are a number of different Frameworks, including the PSN Framework which would potentially allow the Council to tender in 2 lots for fixed line and mobile services and either award one contract covering both lots or separate contracts for each lot depending on what offers best value to the Council.

6. IMPACT

Aberdeen City Council’s Five Year Business Plan 2013/14- 2017/18
Delivering our strategic priorities
We will make best use of the financial resources available to us, ensuring best value for the public purse

Corporate Governance Business Plan 2013/14- 2017/18
Citywide network improvements:
We will improve performance and resilience of the ICT network across the city to ensure that it aligns with the business requirements and expectations.

Public – no anticipated interest from the general public.

7. MANAGEMENT OF RISK

In making use of any framework, the Council would require to comply with its terms in order to reduce the risk of legal challenge. Legal Services will be consulted in this regard.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Sandra Massey, IT Manager smassey@aberdeencity.gov.uk

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources Committee
DATE	20th February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	Supply of Web Hosting Services
REPORT NUMBER:	CG/14/026

1. PURPOSE OF REPORT

To seek committee approval to issue a tender and award a contract for the supply of website hosting services. The current contract expires in July 2014

2. RECOMMENDATION(S)

2.1 Committee approves the issue of a tender and subsequent award of a 4 year contract to supply website hosting services using a Crown Commercial Service framework agreement.

2.2 Committee approves the estimated expenditure for this procurement detailed below at section 3 (Financial Implications) of this report.

3. FINANCIAL IMPLICATIONS

The total contract value is estimated to be £80,000 - £100,000 to be met from Customer Service and Improvement revenue budgets

4. OTHER IMPLICATIONS

4.1 Failure to retender this work would result in a breach of appropriate procurement legislation.

4.2 Transitional work will be required in migrating the service to any new supplier which wins the contract.

5. BACKGROUND/MAIN ISSUES

The current 5 year long contract with Kcom for the supply of web hosting services expires in July 2014. These services are required in order for the Council to operate www.aberdeencity.gov.uk as well as many other ancillary websites.

6. IMPACT

N/A

7. MANAGEMENT OF RISK

There may be risks associated with moving to a new supplier. These risks are currently unknown.

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

Malcolm Matheson
Project Leader
mmatheson@aberdeencity.gov.uk
(52)3793

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	20th February 2014
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Request for Approval of Expenditure for External Support relating to the City Deal Fund
REPORT NUMBER:	CG14/020

1. PURPOSE OF REPORT

1.1 This report advises Committee of the intention to go to tender, through a mini-competition exercise between those on a national Government procurement framework, for external support to assist in the bidding process for the City Deal Fund.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee approves the estimated expenditure of up to £250,000, in accordance with SO1 (3) of the Council's Standing Orders relating to Contracts and Procurement.

2.2 That members receive a further report, once a successful bidder has been appointed on the project plan which will be followed to process the submission of a bid for City Deal funding.

3. FINANCIAL IMPLICATIONS

3.1 A budget of up to £250,000 is being requested to cover the cost of securing external support to prepare a bid to the UK Government to secure a City Deal for Aberdeen and the North East.

4. OTHER IMPLICATIONS

4.1 Aberdeen, one of only two regions in the UK who can claim to have a truly global economy, has to increasingly compete with much larger international cities such as Houston, Perth Western Australia and Doha to retain multi-national companies and the skills base that is required to service the energy industry going forward.

4.2 To compete with the aforementioned cities and other areas throughout the globe Aberdeen must provide better access to and from the city, ease of movement within the city as well as modern office accommodation with bespoke business parks and world class digital connectivity supported by modern housing.

4.3 In recognition of this, members have approved the Strategic Infrastructure Plan which represents £300m of development for the city.

4.4 The successful delivery of the Strategic Infrastructure Plan will require a package of funding options from a variety of sources. A successful bid to HM Treasury for a City Deal for Aberdeen is one source of funding that is being considered.

5. BACKGROUND/MAIN ISSUES

5.1. Many cities in the UK are now looking into the options available for developing an economically-focused infrastructure programme based on the 'Fund' approach that is being used by the English Core Cities. Typically these form part of a wider City Deal arrangement, agreements between government and a city that give the city powers to:

- take charge and responsibility of decisions that affect their area
- do what they think is best to help businesses grow
- create economic growth
- decide how public money should be spent

5.2 The Infrastructure Fund approach pools a number of financial resources across a defined geographical area in the most efficient way to deliver an infrastructure programme that has been appraised and prioritised through a robust analytical framework focused on "real economy" impacts

6. IMPACT

6.1 City Deals seeks to empower local areas to drive economic growth by putting greater resources and financial freedoms in the hands of local leaders.

6.2 Key features of City Deals include:-

- A fund approach for delivering infrastructure, which consolidates available central funding sources, with a significant degree of self-help
- Prioritisation of fund investments based on jobs and productivity (GVA)
- Payment by results. City Deals provide the opportunity to cities to make a local claim on net increases in the national tax that they generate through "self-help" investment
- Robust local governance and delivery arrangements

7. MANAGEMENT OF RISK

7.1 Continuing change in the economic structure of the city and the region, together with the inevitable decline in oil and gas production challenge us to focus our economic development efforts on projects and programmes which will add value and see growth continue.

7.2 To date, city deals have been with the 8 English core cities (the largest English cities outside London) which includes a £2 billion investment by Greater Manchester which provides £30 million per year being offered to Manchester for the next 30 years from UK Treasury.

7.3 A further 20 second tier English cities are now competing for their own deal over the course of the next 12 months, whilst the core cities are also looking to make the scope of their original deals “wider and deeper”.

7.4 Glasgow City Council is currently preparing the submission of a bid to HM Treasury for a City Deal for Glasgow Region which includes Lanarkshire and Renfrewshire. Additionally, Glasgow City Council is leading on a project with the Scottish Cities Alliance to carry out an a parallel exercise to develop City Deals for each of Scotland’s cities but this will primarily focus on agreements with the Scottish Government.

7.5 The £2billion investment by Greater Manchester and the significant investment anticipated by the other City Regions (with both Leeds and Sheffield developing their own programme linked to an “earn back” deal) puts Aberdeen and the North East at risk of falling behind other UK cities.

7.6 It should be noted that the majority of the deals approved to date by UK Treasury are at city region level. Members will need to consider if they wish to initiate discussions with Aberdeenshire Council.

7.7 In order to attract new companies and investors to Aberdeen and the North East, Aberdeen City Council must explore the potential opportunities offered by a City Deal in an effort to deliver transformational infrastructure investment and generate the resulting local economic benefits.

8. BACKGROUND PAPERS

HM Government “Unlocking Growth in Cities: City Deals- Wave 1”

9. REPORT AUTHOR DETAILS

Craig Innes, Head of Procurement, Corporate Governance

Email: cinnes@aberdeencity.gov.uk
Tel. No. 01224 665650

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	20th February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	Request for Authority to Procure Employee Benefits
REPORT NUMBER:	CG/14/04

1. PURPOSE OF REPORT

This report seeks the approval of the Committee to procure the provision of an employee benefits scheme.

2. RECOMMENDATION(S)

It is recommended that the Committee approve:

The Corporate Governance Service conducting a procurement exercise in line with Council Standing Orders, Financial Regulations and EU Legislation for the provision of an employee benefits service for an initial period of three years with the option to extend the contract for a twelve month period and then a further option to extend for a twelve month period and with an estimated expenditure of £5,000,000 (which will be reclaimed through the scheme and will accordingly be cost neutral). It should be noted that the expenditure figure is based on the anticipated amount salary sacrificed by employees over the duration of the employee benefits scheme. For the avoidance of doubt any procurement exercise undertaken will include the award of the contract to the highest scoring compliant bidder on the basis of the most economically advantageous offer.

The method of procurement shall be determined by the Head of Human Resources and Organisational Development in consultation with the Head of Procurement and if procurement for provision of an employee benefits service is to be by way of tender, then such tender shall either be solely conducted by Aberdeen City Council or conducted collaboratively with Aberdeenshire Council

3. FINANCIAL IMPLICATIONS

The value of this procurement is estimated to be between £1,000,000 and £5,000,000. The scheme operates in a cost neutral way to the Council. The Council saves 10% in National Insurance contributions when an employee chooses to utilise a salary sacrifice scheme and the

Council pays a fee to the provider. This results in there being no cost to the Council and some savings generated.

The budget for the Council's current provision of employee benefits is met from the savings generated from the utilisation of the employee benefits service by employees. Currently the employment benefits scheme is utilised by over 500 employees and to date has generated a saving of £44,000 to Aberdeen City Council. It is anticipated that further uptake in the use of the schemes will increase potential savings to the organisation.

4. DURATION OF CONTRACT

The duration of any contract to flow from this procurement process will be for an initial period of three years with the option to extend for two 12 month periods subject to the satisfactory performance of the Service provider.

5. OTHER IMPLICATIONS

Staff resources throughout the Corporate Governance Service will be involved in implementing the new contract.

6. BACKGROUND/MAIN ISSUES

The Council currently has a contract in place for an employee benefits scheme. The current contract is due to expire on the 30th November 2014 and was extended for a 12 month period following the initial 3 year contract term.

The contract was tendered by Aberdeen City Council with the capability for other Public Sector bodies to have access. Aberdeenshire Council exercised this option in 2013 and their contract expiry date aligns with that of Aberdeen City Council.

There are a number of opportunities available to Aberdeen City Council relative to the route to procure. These include utilising a number of existing nationally let framework agreements. The current options are:-

- Utilising existing national frameworks
- Tendering for employee benefits provision, or
- A combination of using existing frameworks and tendering some of the provision.

Given the success of partnership working and scale economies, it is the intention to undertake a collaborative tender exercise with Aberdeenshire Council: the Central Procurement Unit has ascertained that both parties are keen to collaborate and this is being explored in relation to deliver Best Value.

7. IMPACT

Should the outcome of the exercise result in a new supplier being appointed for the provision of an employee benefits service then the procurement timescales will allow for a lead-in period which should militate against any potential upheaval during the initial transition/implementation phase.

8. MANAGEMENT OF RISK

The risk to the organisation of not having an employee benefits service in place after November is that employees would not be able to access benefits and the Council may not be seen as an employer of choice.

9. BACKGROUND PAPERS

None

10. REPORT AUTHOR DETAILS

Neil Yacamini
Team Leader
nyacamini@aberdeencity.gov.uk
01224 522913

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources Committee
DATE	20 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance)
TITLE OF REPORT	Aberdeen and Grampian Chamber of Commerce Research Study and Business Rates Incentivisation Scheme
REPORT NUMBER:	CG/14/029

1. PURPOSE OF REPORT

1.1.1 To provide elected members with the Aberdeen and Grampian Chamber of Commerce (AGCC) Research Study as well as the latest position on the Business Rates Incentivisation Scheme (BRIS).

2. RECOMMENDATIONS

It is recommended that the Committee consider the Research Study and current position regarding BRIS and:

a. Note the content of the AGCC Research Study;
b. Instruct officers to commission a further piece of work to identify future possible funding streams;

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications from this report. The additional work stream to identify future possible funding streams will be met from the remainder of the contract that is in place for the Strategic Infrastructure Plan which asked the successful bidder to seek innovative ways of securing funding in the future.

4. OTHER IMPLICATIONS

4.1 The current methodology of funding local authorities is through what is commonly referred to as the Grant Aided Expenditure mechanism. This mechanism “pools” the total funding available to local authorities and then distributes it through an assessment of need based on a number of indicators.

4.2 As such, any change to this distribution mechanism means that for one local authority to gain one or more would have to lose. It is therefore unlikely this methodology can be easily changed.

5. BACKGROUND/MAIN ISSUES

5.1 The Council issued a research brief in July 2013 asking for the successful bidder to consider the impact of the existing financial settlement for Aberdeen City Council on the contribution Aberdeen makes to Scotland and the UK as well as how a different or better funding settlement could benefit the City and the remainder of Scotland.

5.2 Following the procurement exercise Aberdeen and Grampian Chamber of Commerce (AGCC) was the successful bidder. Their research paper is attached as Appendix one to this report.

5.3 The results confirm the generally understood principle that when looking at funding on a per head basis Aberdeen City Council does not compare favorably with other local authorities.

5.4 Indeed, the paper looks at a number of factors, such as pupil numbers, buildings, road length etc. and each one indicates broadly the same finding as looking the total per head of population funding which is that Aberdeen is the lowest funding in the majority of cases.

5.5 Whilst the research paper provides this information fundamentally the current funding mechanism has been in operation for a number of years although it has "evolved" over this timeframe under different governments.

5.6 It should be noted that to alter the current funding mechanism based on the currently available resources to be distributed, for any authority to gain additional funding another authority (or more) must face an equal loss. Given the impact this would have in the current environment, or indeed in any financial environment, it is highly unlikely that the current methodology could be easily changed.

5.7 The research paper therefore examines at a high level alternative funding methods. Appendix one provides details around some of the innovative ways of thinking that can help potentially secure additional funding for Aberdeen.

5.8 This thinking provides a springboard for the Council to begin to identify and explore alternative ways of securing funding streams that will help develop or improve our existing asset base.

5.9 The Council still has an element of its contract with a third party provider who was engaged to undertake work in relation to the Strategic Infrastructure Plan which can be utilised to further explore this area.

6. IMPACT

The potential to secure additional funding that can be invested in the local area could allow greater economic development within the city as well as secure funding in the Councils overall property portfolio.

7. MANAGEMENT OF RISK

Clearly any alternative securing of funding will potentially bring added risk. However this should be seen in the context of potential reward and any mechanism being explored will need to be carefully measured to ensure that the Council fully understands its position.

8. BACKGROUND PAPERS

Aberdeen and Grampian Chamber of Commerce Research Paper.

9. REPORT AUTHOR DETAILS

Steven Whyte
Head of Finance
swhyte@aberdeencity.gov.uk
01224 523566

This page is intentionally left blank

Appendix 1

Aberdeen & Grampian Chamber of Commerce

Research Study

November 2013

Research questions to advise on:

1. **impact of the existing financial settlement for Aberdeen City Council on the contribution Aberdeen makes to Scotland and the UK**

2. **how a different or better funding settlement could benefit the City of Aberdeen and the remainder of Scotland**

Contents

Executive Summary

Aberdeen City Council commissioned research in July 2013 to advise on the:

1. the impact of the existing financial settlement for Aberdeen City Council (ACC) on the contribution Aberdeen makes to Scotland and the UK
2. how a different or better funding settlement could benefit the City of Aberdeen and the remainder of Scotland

Local Authorities are provided with a funding settlement made up of:

- Council Tax collected by the Local Authority
- A block grant provided by the Scottish Government which includes:
  - An allowance for Non Domestic Rates Income
  - Specific Grants allocated for certain activities
  - A more general Revenue Support Grant

The funding settlement is not designed to tell Local Authorities how much it should cost to run services or what they should prioritise. The majority of this settlement is determined by an assessment undertaken by COSLA (the GAE assessments). The data shows:

- ACC ranks as the lowest funded Authority using a variety of per capita measures
- ACC is the most 'self-sufficient' Authority in Scotland with the majority of its funding being generated from local business rates
- There will be further funding cuts and an expectation of increased self-sufficiency

Decreasing funding is having an impact on ACC. This impact may be comparable to other Local Authorities in some cases but particular issues are being faced in the recruitment and retention of staff, procurement of goods and services (particularly trades) and meeting the needs of a growing City.

Members of the private sector concur with these findings and also consider that economic growth could be expedited in the region with more public sector support. This latent growth opportunity appears clear with all economic data and surveys showing the desire of the private sector to accelerate growth and fill existing vacant posts in a region which is ranked by one measure as relatively the strongest performing region in Europe.

A case should be made for a special allowance to the funding settlement with respect to the cost of living in Aberdeen. However, given the funding settlement calculations are unlikely to change we consider that ACC has to enter into discussions and consider alternative funding sources / methods. 'Game changing' options might include:

- The revision of the Business Rates Incentive Scheme to one which provides longer-term planning periods, greater certainty and greater incentives to outperform targets
- The delivery of funding sources which 'borrow' against future economic growth including a TIF initiative and a consideration of whether a comparable scheme could be delivered against increased corporation taxation or income tax
- Increased delivery of housing stock via the above investment route and working with the private sector to increase revenue from Council tax.

1. Introduction

This report has been written in response to the research brief issued by Aberdeen City Council in May 2013. Aberdeen & Grampian Chamber of Commerce was commissioned to undertake the research via a competitive tender process in July 2013.

The brief sought research to advise Aberdeen City Council on:

2. the impact of the existing financial settlement for Aberdeen City Council on the contribution Aberdeen makes to Scotland and the UK; and

3. how a different or better funding settlement could benefit the City of Aberdeen and the remainder of Scotland.

2. Research methodology

The agreed research methodology expanded on the requirements outlined in the brief taking account of the research budget and the availability of data to the study team. Furthermore the method took account of the audience for the research and therefore expanded on the requirement to outline the approach to Local Authority funding which is relatively complex in its nature.

The agreed scope and respective sections where this data is presented in the report is shown below:

Tasks in methodology	Section in report
Simplified presentation of funding	Section 3 presents how local authorities are funded
Consult on budgetary decision making	Section 5 provides analysis on how the funding settlement impacts on key departments
Assessing the impact	Section 4 outlines the impact of the funding settlement on Aberdeen in terms of its relative position against comparators
Reporting the impact	Section 5 provides analysis on how the funding settlement impacts on key departments
Outline of potential options	Section 6 outlines the respective pro's and con's of the existing funding settlement approach as well as some alternative options
Assessment of options and opportunities Present funding options / alternatives	Section 7 presents some alternative options which may create incentives for Local Authorities to generate more wealth for Scotland and the UK

The research evolved over the course of the timeline as tasks were completed and evidence gathered. Any changes to the proposed methodology are outlined in the document in the pertinent sections.

4. Background to Local Authority Funding

Types of funding support

Each year Local Authorities are provided with a funding settlement which is made up of the following elements:

- Council Tax collected by the Local Authority
- Block grant provided by the Scottish Government which includes:
  - An allowance for Non Domestic Rates Income
  - Specific Grants allocated for certain activities
  - A more general Revenue Support Grant

Once the detail of this fixed support is provided Local Authorities enter their own budget setting process to deliver the services they prioritise and that they are required to deliver by statute. The Scottish Government identifies that the funding settlement is not designed to tell Local Authorities how much it should cost to run services or what they should prioritise.

Local Authorities have the ability to generate income but this is generally limited to services which are 'charged for' such as leisure centres. It is also possible for Local Authorities to 'generate' more funding for reinvestment in their priorities by reducing operating costs.

However, ultimately if this investment was focused on supporting the development of business activity leading to increased tax income this would be returned directly to the Scottish or UK Governments.

This approach means that Local Authorities have limited incentive or opportunity to 'out-perform' their funding settlement and certainly little incentive to invest in increasing business output.

The following sub-section explains how each element of the total funding package is determined.

Council tax

Each year Local Authorities are given an estimated target for the amount of Council Tax they are expected to collect.

Council tax is based on the value of a property and is paid by residents within a Local Authority area.

Council tax per banded property has been fixed since 2007. It may appear that the Local Authorities cannot generate additional income via this method, but that is not the case. Council Tax is one of the few areas where if more tax is collected than expected then the revenue can be retained.

The method for assessing how much Council Tax a Local Authority is expected to collect is determined using historic collection rates. Unless this approach is revisited this provides some opportunity for financial out performance.

Non Domestic Rates Income

Non-domestic rates are collected from business and are again a property tax based on the value of a property. The Scottish Government set a total annual 'target' for collections for each Local Authority. All of the monies received from non-domestic rates are then effectively passed back to the Scottish Government.

The Scottish Government creates a central financial pool which is redistributed. This redistribution is based on the estimated non-domestic rate income for the year ahead at a Local Authority level.

If the annual target set is exceeded it is not retained by a Local Authority. However, conversely if a Local Authority does not meet its targets it is not penalised. Those local authorities that do not reach their target are compensated by the Scottish Government.

This method of pooling means that as a Local Authority continues to generate more NDR income, it provides more to the central pot. However, this also means that proportionally it will receive less of that pot if other Local Authorities do not grow at the same pace. This method appears to create a disincentive to increase NDR revenue at a local level.

Specific Grants

Specific grants are provided to Local Authorities to cover areas / services which are ring-fenced. This funding must only be spent on those services and nothing else. This is not a significant element of the total settlement across Scotland accounting for less than 8% of the total. Around three quarters is allocated to the funding of the Police and Fire services.

Revenue Support Grant

At a very basic level this element of the settlement is a grant which is the net balance between the total settlement provided minus the resources allocated from Non-domestic rates and Council tax.

However, the calculation as to how this is assessed is more complicated than this simple presentation. Each year the total allocation for each Local Authority varies and therefore the Revenue Support Grant varies depending on this local allocation.

The method of determining how much total support a Local Authority receives is derived via Grant Aided Expenditure (GAE) calculations. This calculation effectively splits the total funding available at a Scottish level between the Local Authorities. However, unlike the assessment of Council Tax and NDR this assessment is not related to the monies generated by a Local Authority.

The assessment is not based on revenue raised but on an assessment of 'need'. In that respect the GAE calculation does appear to be an assessment of the cost of delivering a series of services, although the Scottish Government state that is not how Local Authorities are funded.

With respect to the technical detail, the GAE assessments are delivered via Convention of Scottish Local Authorities (COSLA). The rules for how this is calculated are contained in the:

Greenbook for Grant Aided Expenditure – Local Government Finance Settlement 2012-15

The Greenbook sets out the 'systematic' approach outlining the 94 different measures used which determines funding levels allocated to Local Authorities. In addition to the 94 different services / measures, Local Authorities in Island areas receive a 'Special Island Needs Allowance'. In 2009 a review of the 94 measures was undertaken and this determined that they remained (effectively) fit for purpose. A full list of the measures is contained in Appendix A.

The assessment of funding against these individual measures is made somewhat more complicated by the addition of a 'weighting' which highlights the relative importance ascribed to each of these 94 measures.

The table below presents a very basic assessment of the funding allocating for the year 2012/13 to Aberdeen City Council. This table presents broad measures (generated using an aggregation of the 94 individual measures) for the GAE allocation.

			A	B	
Broad measures	Aberdeen City (£m)	Scotland (£m)	Aberdeen City funding as % of Scotland	% of Scottish population	Ratio = A / B
Education	137,451	4,257,085	3%	4%	77%
Social Work	83,165	2,119,962	4%	4%	94%
Police	45,535	966,085	5%	4%	112%
Fire	10,200	232,964	4%	4%	104%
Roads & Transport	12,895	443,975	3%	4%	69%
Leisure & Recreation	18,886	409,973	5%	4%	110%
Cleansing & Environment	14,393	333,306	4%	4%	103%
Elections & Taxation	3,280	76,735	4%	4%	102%
Other Services	7,858	260,129	3%	4%	72%
Teacher Remoteness & Distant Island Allowance	-474	0	n/a	n/a	n/a
TOTAL Grant Aided Expenditure	333,189	9,100,214	4%	4%	87%
Special Islands Needs Allowance	0	20,946	0%	0%	n/a
Estimated Service Expenditure	333,189	9,121,159	3.65%	4%	87%

The table shows that on average Aberdeen City Council attracts less funding per head than on average across Scotland. The variance using this basic measure is most acute for education, roads and transport and 'other services'. This is also borne out for 2013/14 which is shown below.

			A	B	
Broad measures	Aberdeen City (£m)	Scotland (£m)	Aberdeen City funding as % of Scotland	% of Scottish population	Ratio = A / B
Education	138,958	4,257,085	3%	4%	78%
Social Work	82,988	2,119,962	4%	4%	93%
Police	45,535	966,085	5%	4%	112%
Fire	10,200	232,964	4%	4%	104%
Roads & Transport	12,892	443,975	3%	4%	69%
Leisure & Recreation	18,881	409,973	5%	4%	110%
Cleansing & Environment	14,385	333,306	4%	4%	103%
Elections & Taxation	3,280	76,735	4%	4%	102%
Other Services	7,863	260,129	3%	4%	72%
Teacher Remoteness & Distant Island Allowance	- 474	0	n/a	n/a	n/a
TOTAL Grant Aided Expenditure	334,508	9,100,214	4%	4%	88%
Special Islands Needs Allowance		20,782	0%	0%	n/a
Estimated Service Expenditure	334,508	9,120,996	4%	4%	87%

The above tables only illustrate the overall GAE funding position. The tables below summarises the how the Revenue Support Grant funding changes over the current funding period with the second table demonstrating how the level of Revenue Support funding is proportionally negatively impacted as the Local Authority collects more NDR.

Year	**Region**	**Assumed Council Tax contribution (£m)**	**Revised Ring-fenced Grants (£m)**	**Non Domestic Rates (£m)**	**General Revenue Funding (£m)**	**Total (£m)**	**New 85% floor (£m)**	**Revised Total [1] (£m)**
2012-13	Aberdeen City	82.37	23.38	164.58	175.24	363.19	3.01	366.20
	Scotland	1,891.70	502.79	2,263.00	7,685.95	10,451.74	25.00	10,476.74
2013-14	Aberdeen City	82.97	0.60	177.08	165.10	342.79	1.85	344.64
	Scotland	**1,906.10**	**13.48**	**2,435.00**	**7,513.95**	**9,962.44**	**25.00**	9,987.44
2014-15	Aberdeen City	83.56	23.38	193.74	150.71	367.82	2.05	369.88

[1] General Revenue Changes have been excluded for all years

	Scotland	1,920.60	502.79	2,664.00	7,284.80	10,451.59	25.00	10,476.59

		NDR as proportion of Local Authority settlement[2]	ACC NDR contribution as a % of national pool
2012-13	Aberdeen City	**45%**	
	Scotland		**7%**
2013-14	Aberdeen City	**51%**	
	Scotland		**7%**
2014-15	Aberdeen City	**52%**	
	Scotland		**7%**

The table illustrates that Aberdeen City is increasingly expected to generate more revenue from Non-Domestic Rates and 'earn' a greater proportion of its total funding package. The first columns are based on the 2012 Finance Circular. Which exclude the reductions to the funding settlement associated with 'general revenue changes'.

If we compare the more recently published 2013 Finance Circulars[3] the City Council effectively becomes even more 'self-sufficient'. In 2013/14 it is expected to deliver NDR equivalent to 55% of General Revenue Funding rising to 56% in 2014/15.

The table also illustrates that proportionately it will continue to contribute the same amount to the Scottish pool although this is from a higher base per head of population as we explore later.

[2] Local Government Finance Circular No. 1/2012
[3] Local Government Finance Circular No. 1/2013

5. Analysis of funding settlement

Introduction

This section assesses the settlement provided to Aberdeen City Council relative to other Local Authorities around Scotland. The approach taken is a benchmarking exercise comparing Local Authorities using a series of measures. These measures are not necessarily related to the GAE published measures.

The analysis focuses on the general revenue element of the overall funding package although Capital and Non-Domestic Rates funding are also referenced.

Measures used

The analysis creates a number of ratios using publicly available data. This has been undertaken in an attempt to provide transparent analysis which is fair and objective. The set of measures used are:

- Revenue Grant per head[4] – This is calculated by dividing the Revenue Grant by the population of the Local Authority area
- Revenue grant per business unit - This is calculated by dividing the Revenue Grant income by the number of business units in the Local Authority area
- Revenue grant per school - This is calculated by dividing the Revenue Grant by the number of schools in the Local Authority area
- Revenue Grant per operational property - This is calculated by dividing the Revenue Grant by the number of operational properties in the Local Authority area
- Revenue Grant per child - This is calculated by dividing the Revenue Grant by the number of children aged 0-15 years old in the Local Authority area
- Revenue per pensioner - This is calculated by dividing the Revenue Grant by the number of adults aged 65 years old and above in the Local Authority area
- Revenue grant per km road - This is calculated by dividing the Revenue Grant by Km of roads in the Local Authority area
- Revenue per head of population in top 10% of deprived – This is calculated by dividing the Revenue Grant by the number of people within the top 10% deprived wards in Scotland in that Local Authority area[5]

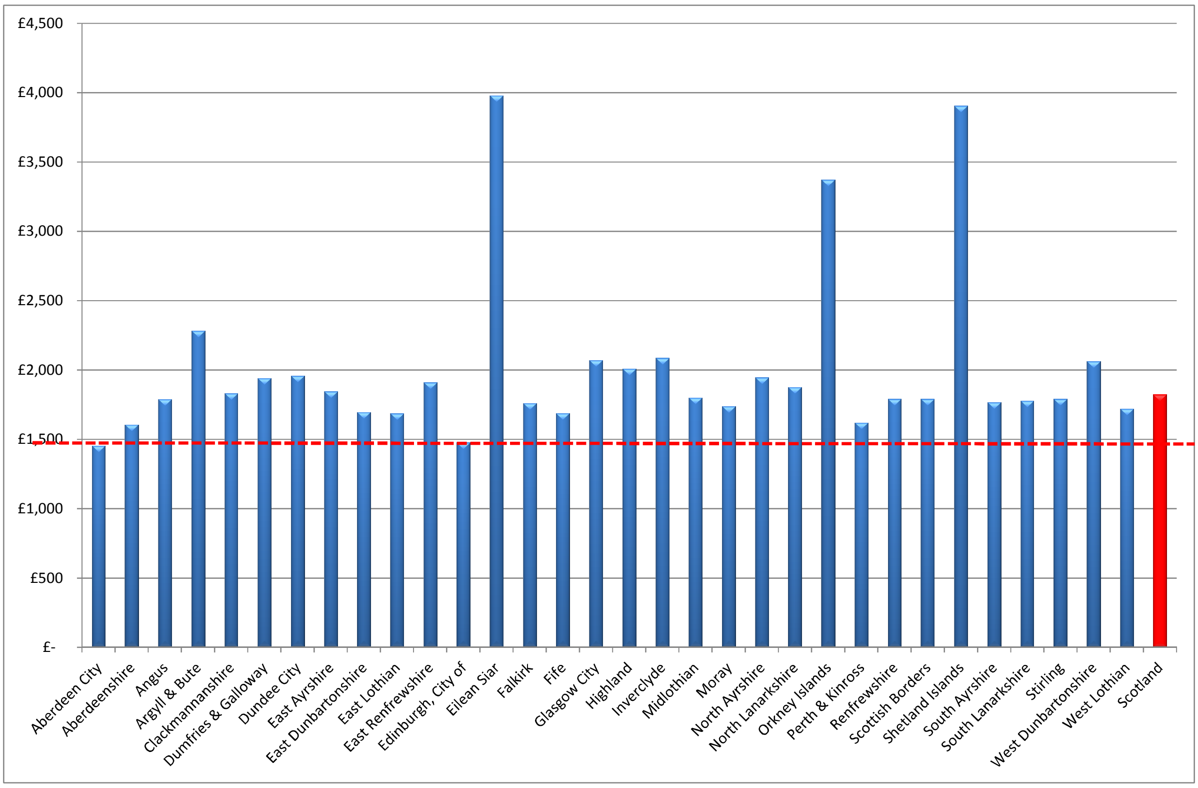
The analysis is designed to be illustrative and it has not always been possible to use data from the same year. For example business, census and National Audit Office data sources have different base source dates.

[4] For the purposes of transparency the Revenue Grant has been calculated by adding the *General Revenue Funding Total* any increase due the *new 85% floor* and the removal of any *2013-14 General Revenue Changes*
[5] Note some Local Authorities do not have any wards in this category

Analysis

Revenue grant per head of population

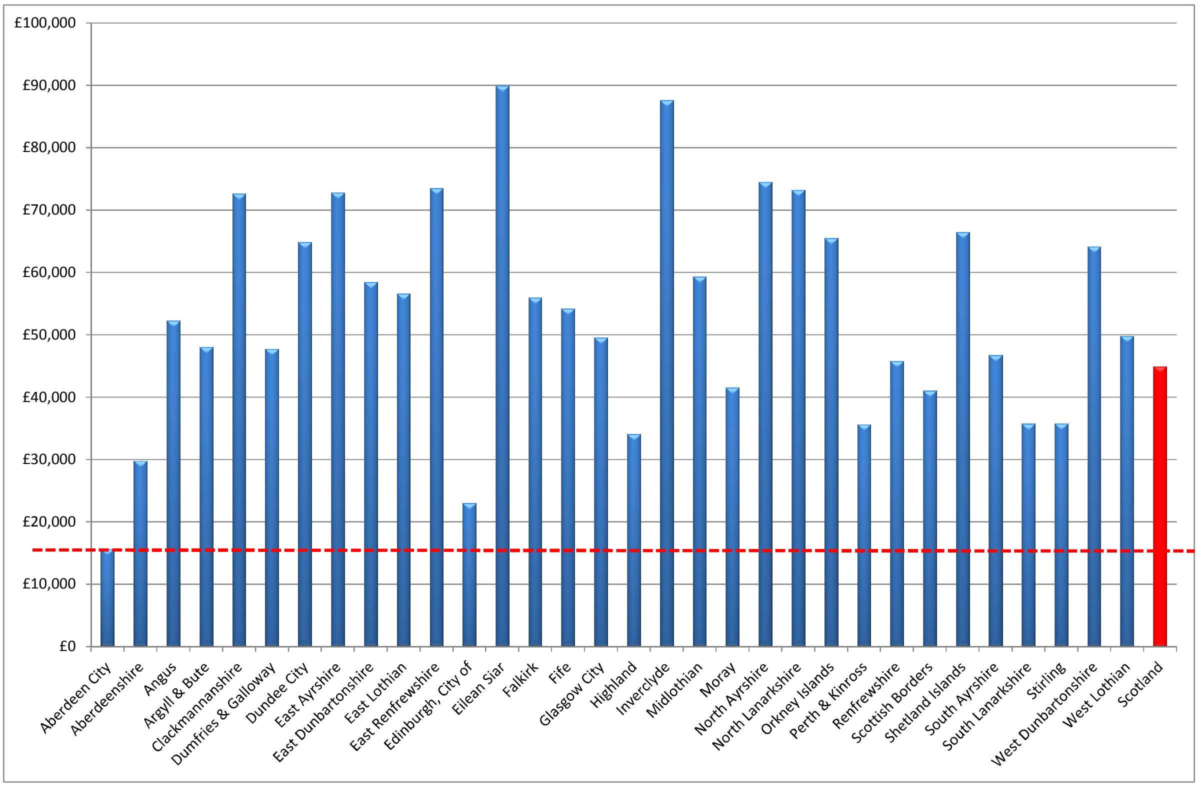
The chart below provides an illustration of the revenue grant per head of population across each Local Authority area.



Aberdeen City Council receives around £1,450 per head in comparison to the average across Scotland of nearly £1,820. Aberdeen is ranked as the lowest Local Authority in terms of funding using this measure. Edinburgh is the closest comparator to Aberdeen as the 2^{nd} lowest ranked receiving just a 2% higher settlement.

Revenue grant per business

The chart below provides an illustration of the revenue grant per business located in each Local Authority area.



Aberdeen City Council receives around £15,670 per business in comparison to the average across Scotland of nearly £44,950. Aberdeen is ranked as the lowest Local Authority in terms of funding using this measure. Edinburgh is the closest comparator to Aberdeen as the 2nd lowest ranked but receives a 47% higher settlement.

Interestingly South Lanarkshire does not rank closely to Aberdeen in this measure where is does for many measures associated with NDR receipts.

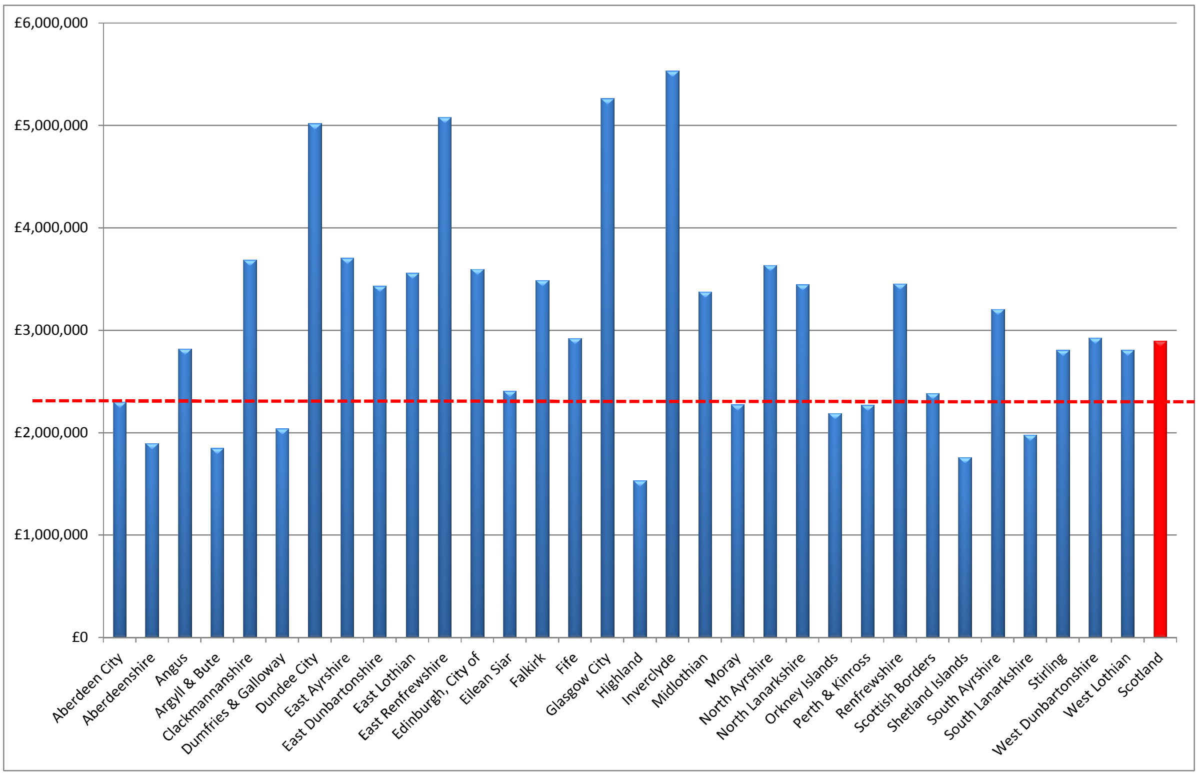
This variance is perhaps a reflection of the fact that while NDR / business rate receipts are comparatively high in South Lanarkshire there are fewer businesses. The reason for the apparently high total NDR receipts is not clear but may be due to a small number of high 'rateable value' properties. Although Postcode data is not available in 'Lanarkshire' to split North and South there are 8 'cumulo' properties which account for over £350m rateable value, this is shown in more detail below.

Scottish Assessors Reference	Description	Property Address	Rateable Value
9/99/W99959/5//00001	ELECTRICITY GENERATION LANDS	5 CUMULO ENTRY	£28,500,000
9/99/W99959/15//00001	ELECTRICITY TRANSMISSION LANDS	15 CUMULO ENTRY	£61,000,000
9/99/W99959/20//00001	ELECTRICITY DISTRIBUTION LANDS	20 CUMULO ENTRY	£89,000,000
9/99/W99959/25//00001	ELECTRICITY GENERATION LANDS	25 CUMULO ENTRY	£15,435,000
9/99/W99959/50//00001	ELECTRICITY TRANSMISSION LANDS	50 CUMULO ENTRY	£22,000,000
9/99/W99959/55//00001	ELECTRICITY DISTRIBUTION LANDS	55 CUMULO ENTRY	£53,000,000
9/99/W99959/60//00001	ELECTRICITY GENERATION LANDS	60 CUMULO ENTRY	£60,720,000
9/99/W99959/65//00001	ELECTRICITY GENERATION LANDS	65 CUMULO ENTRY	£21,480,000
			£351,135,000

We have not been able to confirm that these 'properties' are allocated to South Lanarkshire although that would appear to be probable.

Revenue grant per school

The chart below provides an illustration of the revenue grant per school in each Local Authority area.



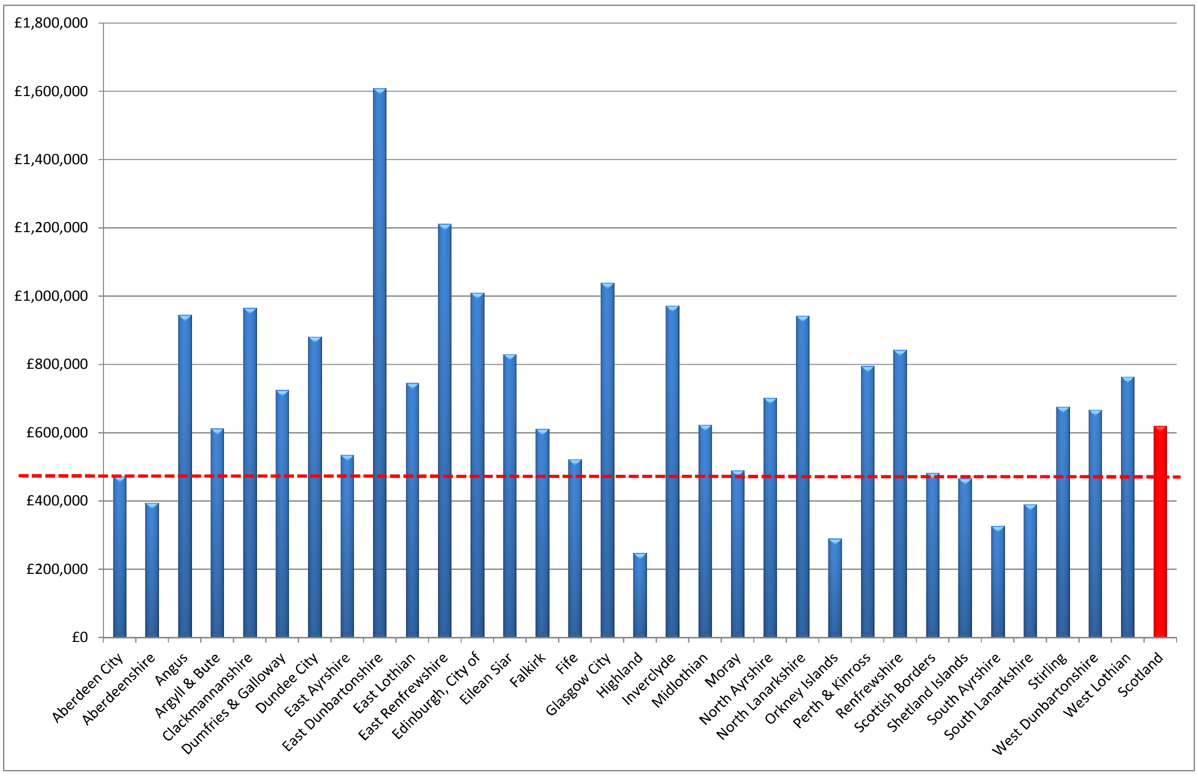
The chart shows that using this measure Aberdeen ranks in the 2nd quartile with the 10th lowest aggregate funding. Aberdeen received just over £2.3m of funding per school compared to the Scottish average of close to £2.9m.

The Highland region is the most poorly funded region using this measure attracting £1.53m of funding per school. The nearest comparator to the Highlands is the Shetlands which receives £1.76m of funding per school.

This analysis may not of course bear any resemblance to how a Local Authority allocates its own budget to its educational department / schools.

Revenue Grant per operational property

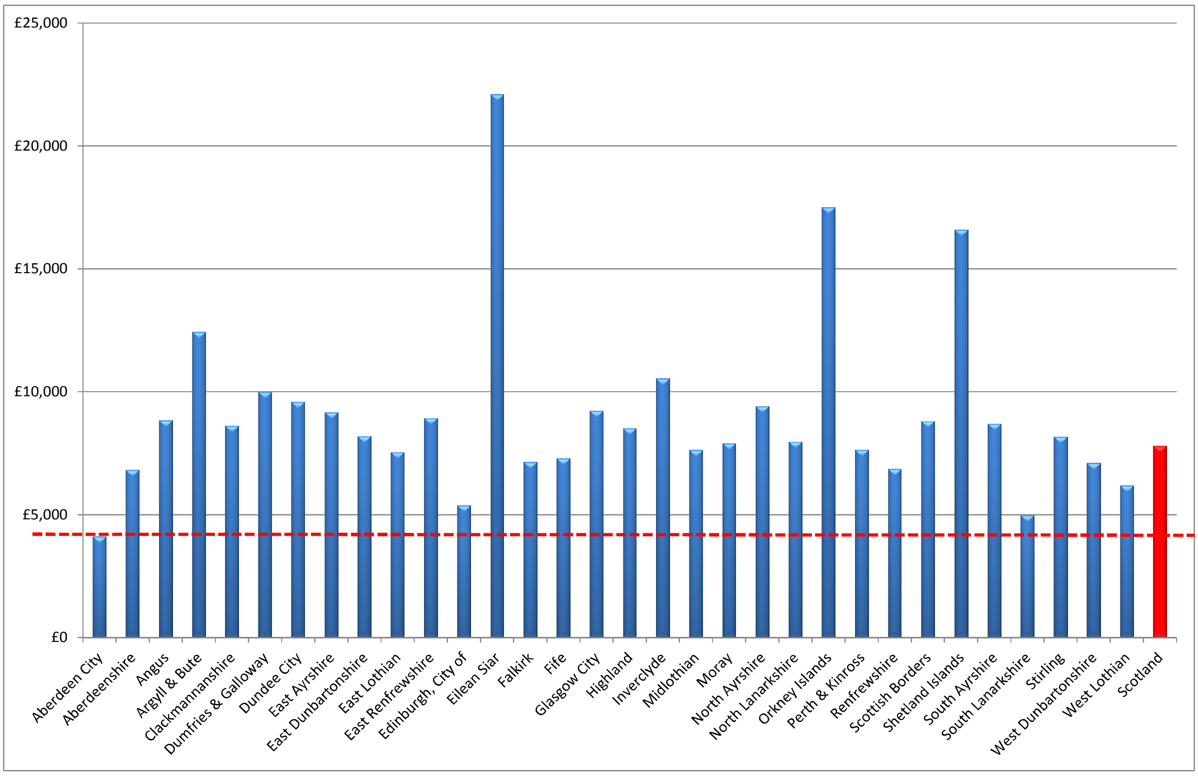
The chart below provides an illustration of the revenue grant per operational property in each Local Authority area.



The national average revenue grant per operational property is £621,000 and Aberdeen City Council is the 7th lowest ranked Local Authority at position 26 out of 32. Aberdeen City Council receives £473,000 per operational property. Again the Highland Council region is the lowest ranked attracting £248,000 per operational property.

Revenue Grant per child

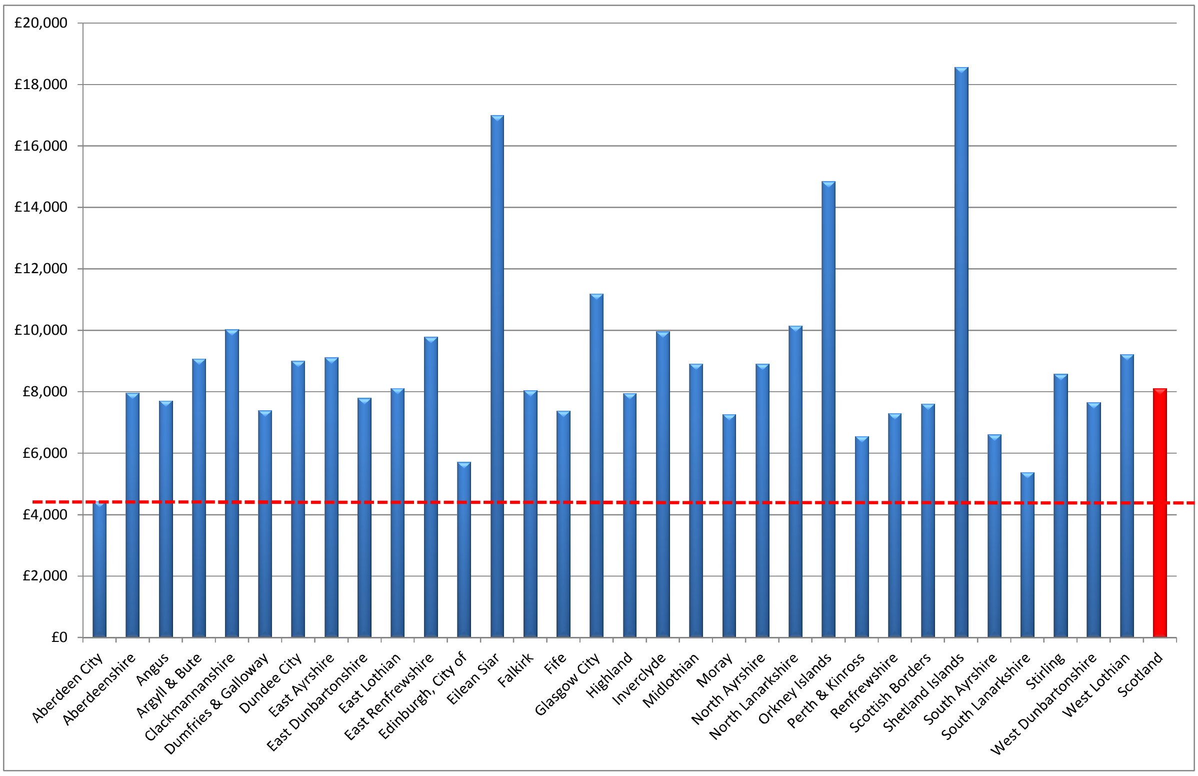
The chart below provides an illustration of the revenue grant per child in each Local Authority area.



Aberdeen City Council is ranked as the lowest Local Authority in this measure receiving £4,100 per child aged between 0 and 15 years old. The national average funding using this measure is £7,806. South Lanarkshire Council is the nearest comparator to Aberdeen receiving around 21% more than Aberdeen City.

Revenue per pensioner

The chart below provides an illustration of the revenue grant per pensioner[6] in each Local Authority area.

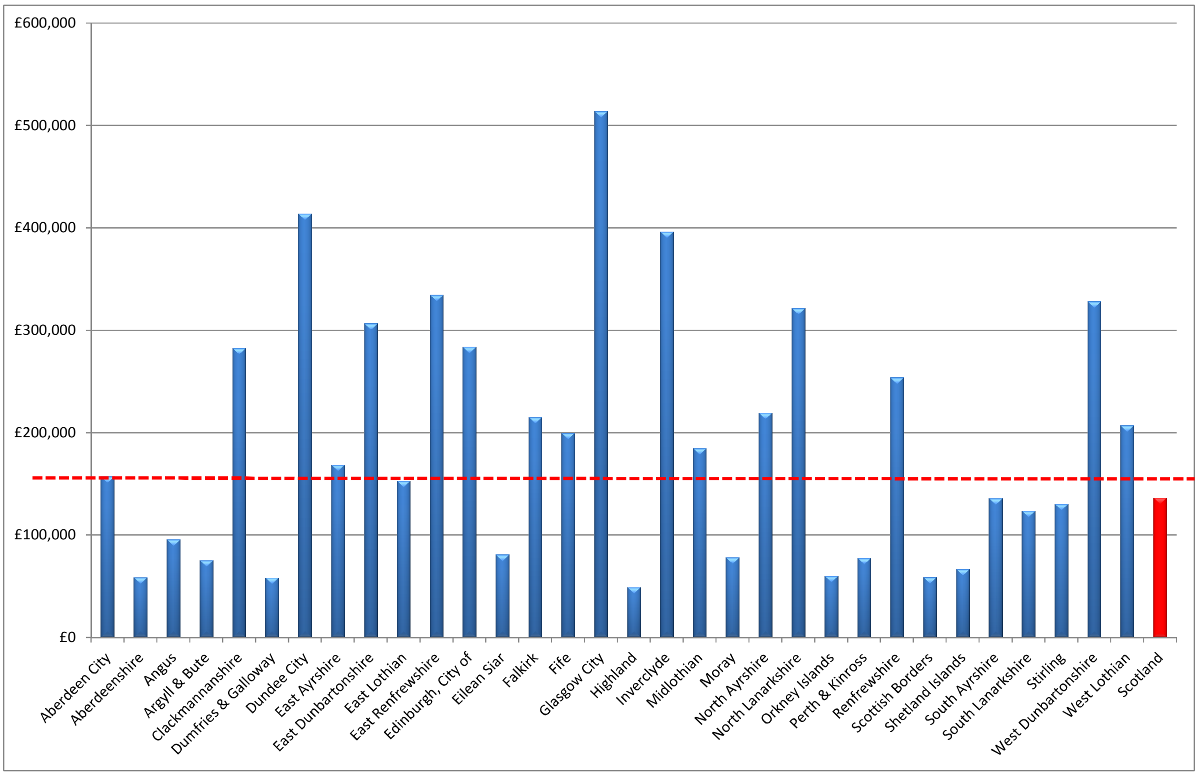


Again like other population based measures Aberdeen ranks last of 32 for revenue funding allocation. Using this measure Aberdeen City Council receives just over £4,400 per head, this is nearly half (45%) of the Scottish average. The closest comparator is again South Lanarkshire Council which attracts £5,400 per adult over 65 years old.

[6] For the purposes of this analysis, this includes all adults over 65 years old

Revenue grant per km road

The chart below provides an illustration of the revenue grant per kilometre of road in each Local Authority area.

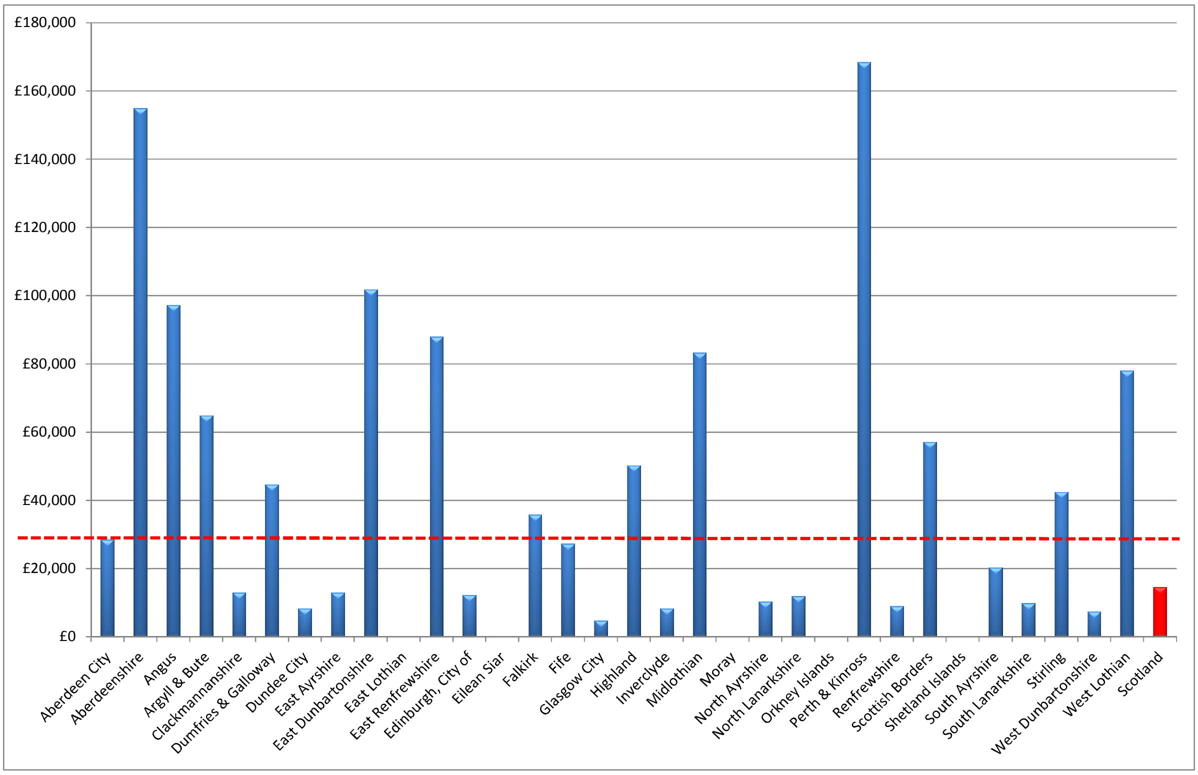


This is one of the few measures where Aberdeen City Council receives funding above the national average, within this measure there is significant volatility. It is unsurprising to see the main cities ranking highly using these measures and Aberdeen is ranked significantly lower than Glasgow, Edinburgh and Dundee.

The national average settlement is £137,000 with Aberdeen City Council receiving £157,000. This places Aberdeen City Council half way in the rankings with the 16th lowest funding or a ranking of 17 of 32.

Revenue per head of population in top 10% of deprived

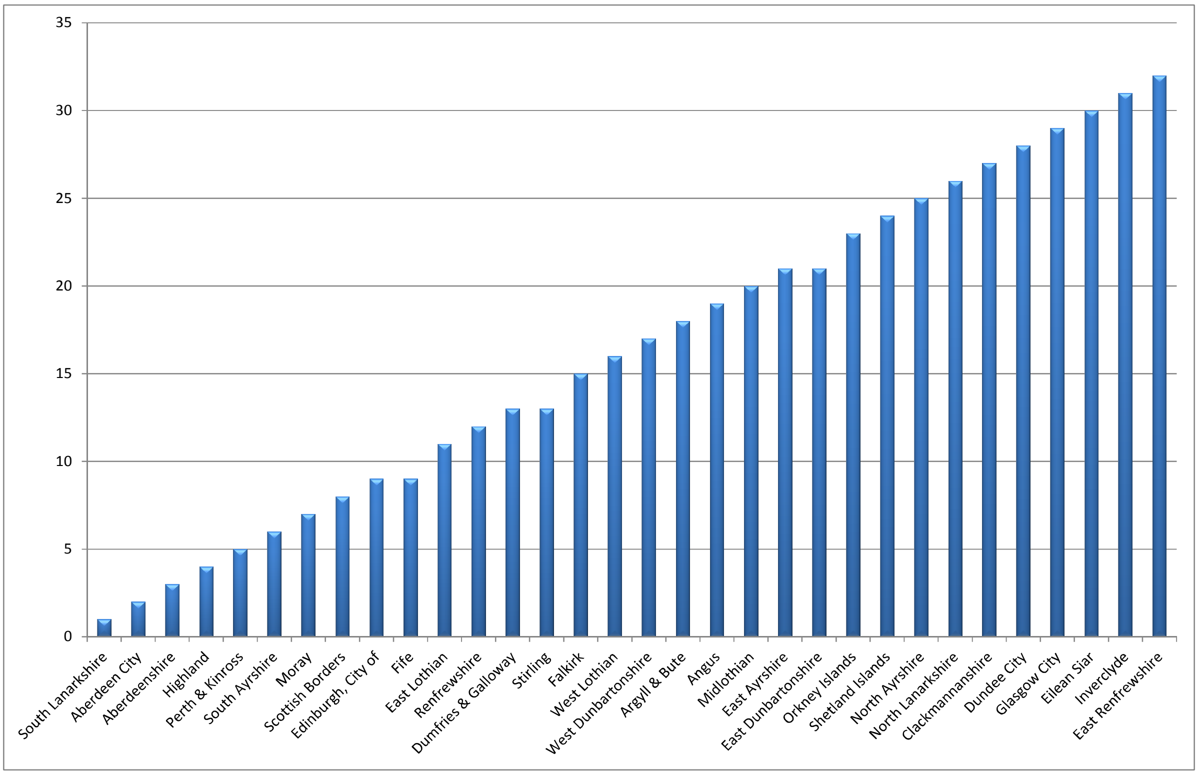
The chart below provides an illustration of the revenue grant per head of population for each Local Authority area where this population resides in one of the top 10% of most deprived wards in Scotland.



This is perhaps the most challenging measure to interpret and shows significant variance between regions. Some Local Authorities appear poorly served with no funding ie East Lothian, Moray, Eilean Siar, Orkney and the Shetland Isles. However, these regions have no residents within the top 10% of most deprived wards. So these Local Authorities are actually the most highly ranked followed by Perth & Kinross and Aberdeenshire. Aberdeen City is ranked at 18 of 32 so again in the third quartile in terms of funding receipts.

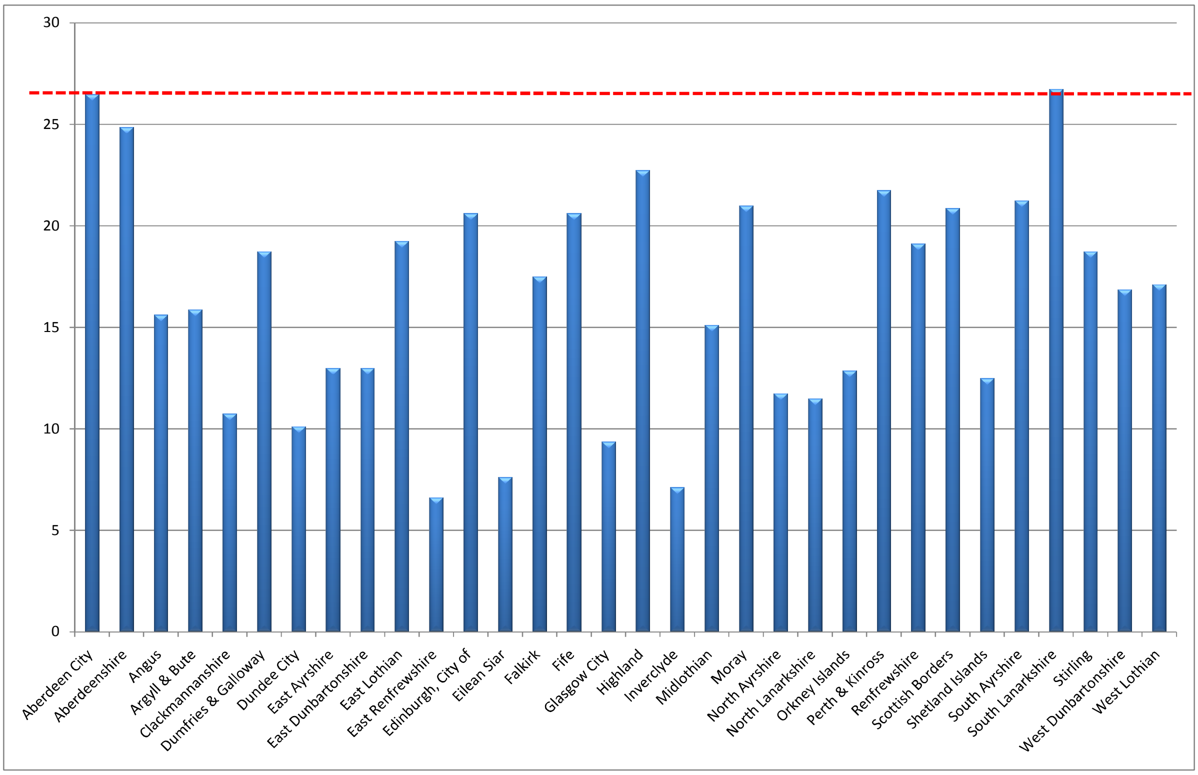
Overall summary of Revenue Grant

In an effort to draw together the above analysis we have created a total score for each Local Authority based on the rankings, and have then created an overall ranking shown below. This does not account for a weighting of any particular measure.



The chart shows that Aberdeen is ranked overall as the second of 32 Local Authorities using this methodology. The exclusion of deprivation would leave Aberdeen City as the lowest ranked Local Authority. Aberdeen is also continually placed as the lowest funding Local Authority using per capita (business or population) measures. The scoring below help to provide some further context and illustrates the variance in the 'average' ranking scores.

Appendix 1



The chart illustrates the small variance between Aberdeen City Council and South Lanarkshire Council. The higher the score the poorer the relative funding settlement based on the measures used. The worst score possible would have been 32, which would have required a Local Authority to have been ranked at 32 of 32 for all measures.

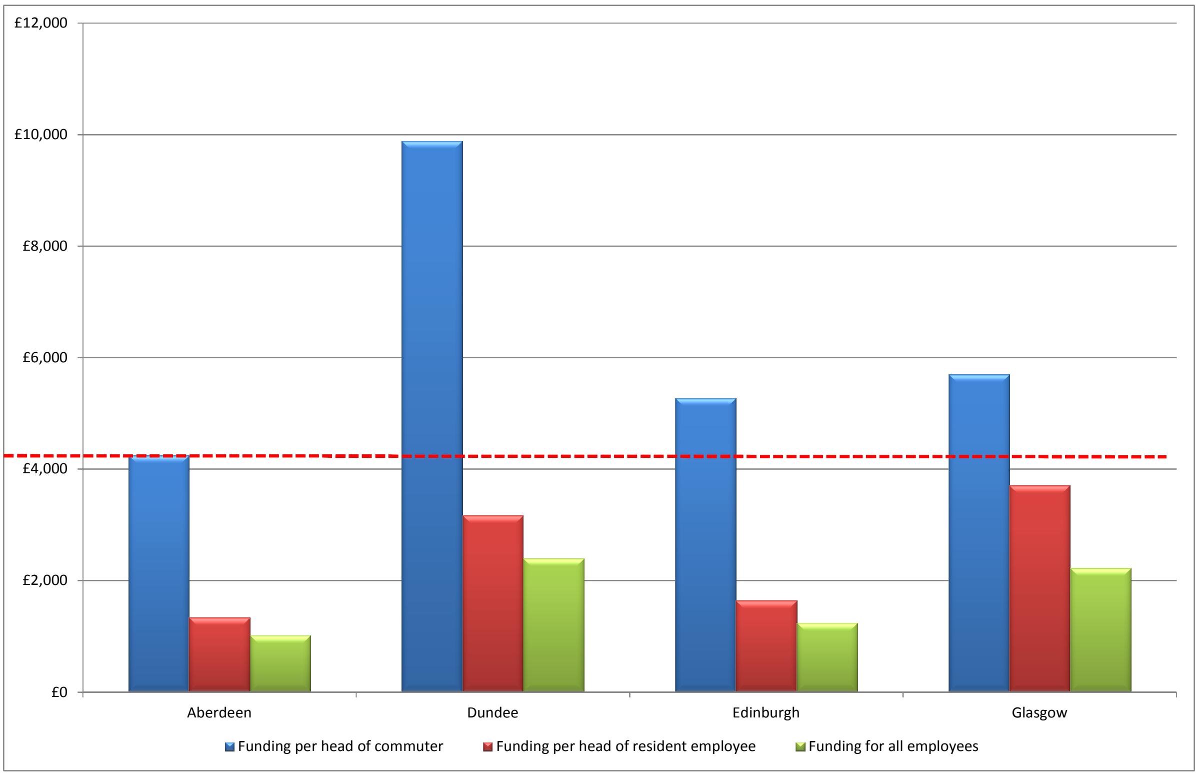
The chart illustrates that following South Lanarkshire and Aberdeen which both average over 25. Aberdeenshire and Highland Council both have an average ranking score of over 22. This compares to Local Authorities such as Inverclyde, East Renfrewshire, Eilean Siar and Glasgow which average less than 10.

Further analysis

Inclusion of 'working' population

The previous analysis focuses on the resident population of Aberdeen and provided a basic review of funding. However, this doesn't fully account for how cities work and draw in people from around the region.

Publicly available data also allows us to review the impact / funding of commuters into the City Council region. To provide a relevant comparison analysis has been undertaken to compare Aberdeen with other cities ie Dundee, Edinburgh and Glasgow.



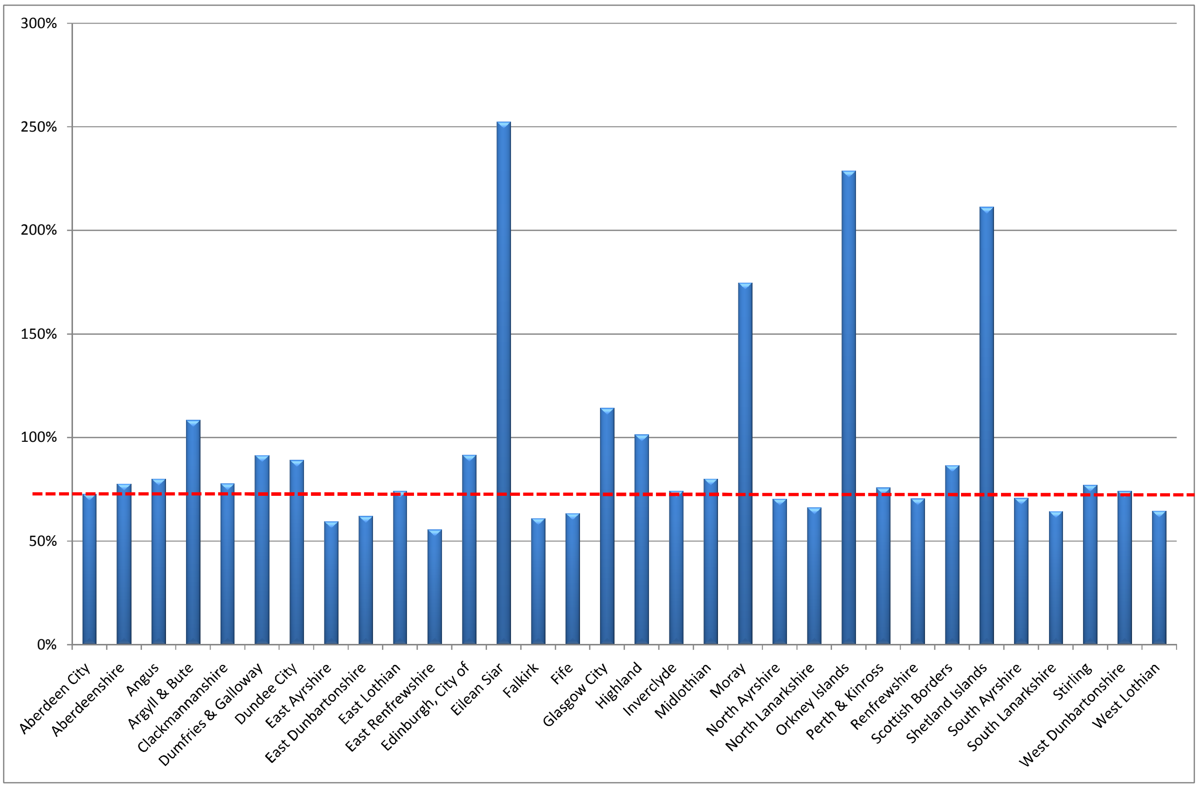
Aberdeen, Dundee and Glasgow all have around a quarter of their workforce who are resident outside of the Local Authority area itself[7], around 39% of the Glasgow City workforce travel from outside the Local Authority boundary.

Using this measure Aberdeen receives the lowest funding per head using all measures. Aberdeen attracts around £4,250 per resident who commute into the City, this is just over £1,000 per head less than Edinburgh and almost half that of Dundee, and is just 74% of the average across these Cities.

[7] Data based on 2001 census as 2011 census data not available at time of writing

Capital funding

The funding settlement includes a capital allowance for all Local Authorities. The chart below provides a ratio analysis which assesses the percentage of capital funding provided to Local Authorities versus the percentage of population in each area.

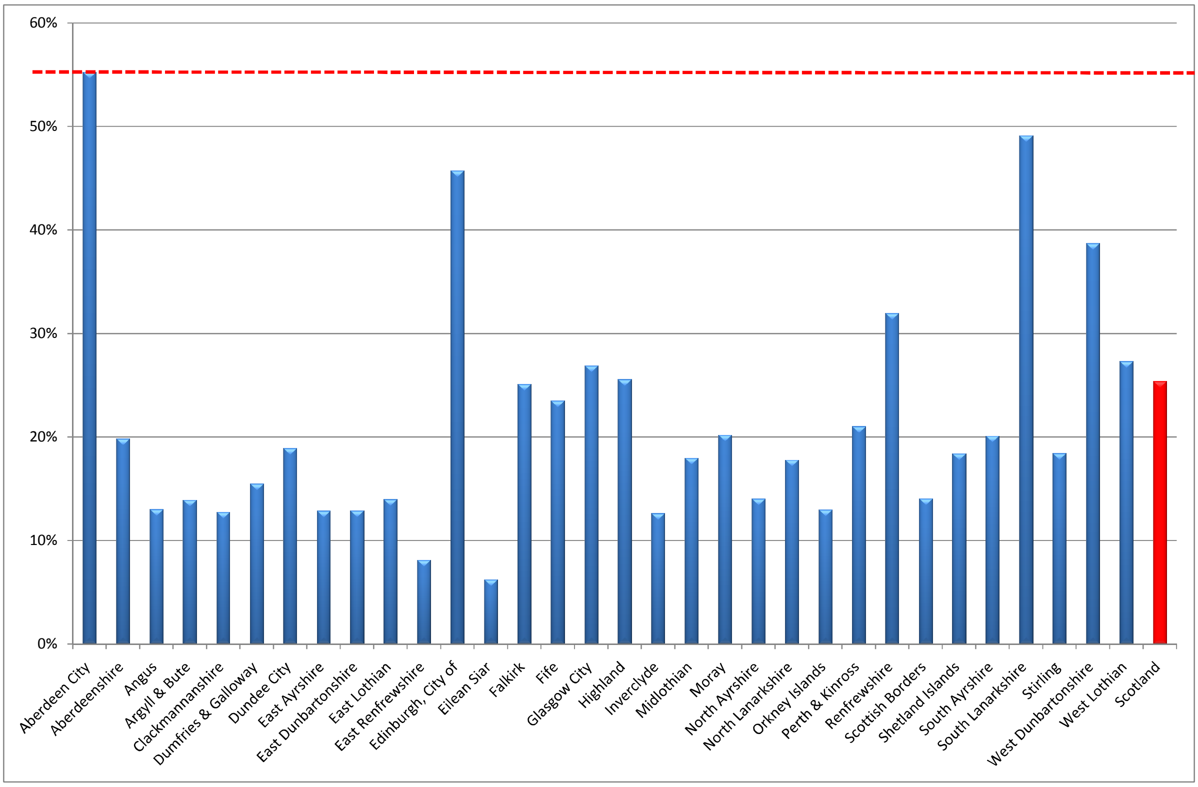


The chart shows that Aberdeen City Council appears to receive a relatively comparable level of capital funding per head of population to other mainland Local Authorities.

The outlying regions in the analysis are Eilean Siar, Moray, Orkney Islands and Shetland Islands. Glasgow City, Highland Council and Argyll and Bute are the only other regions that attract a greater percentage of capital funding than their percentage of population compared to Scotland as a whole.

‘Business funding’ - Non-domestic rates

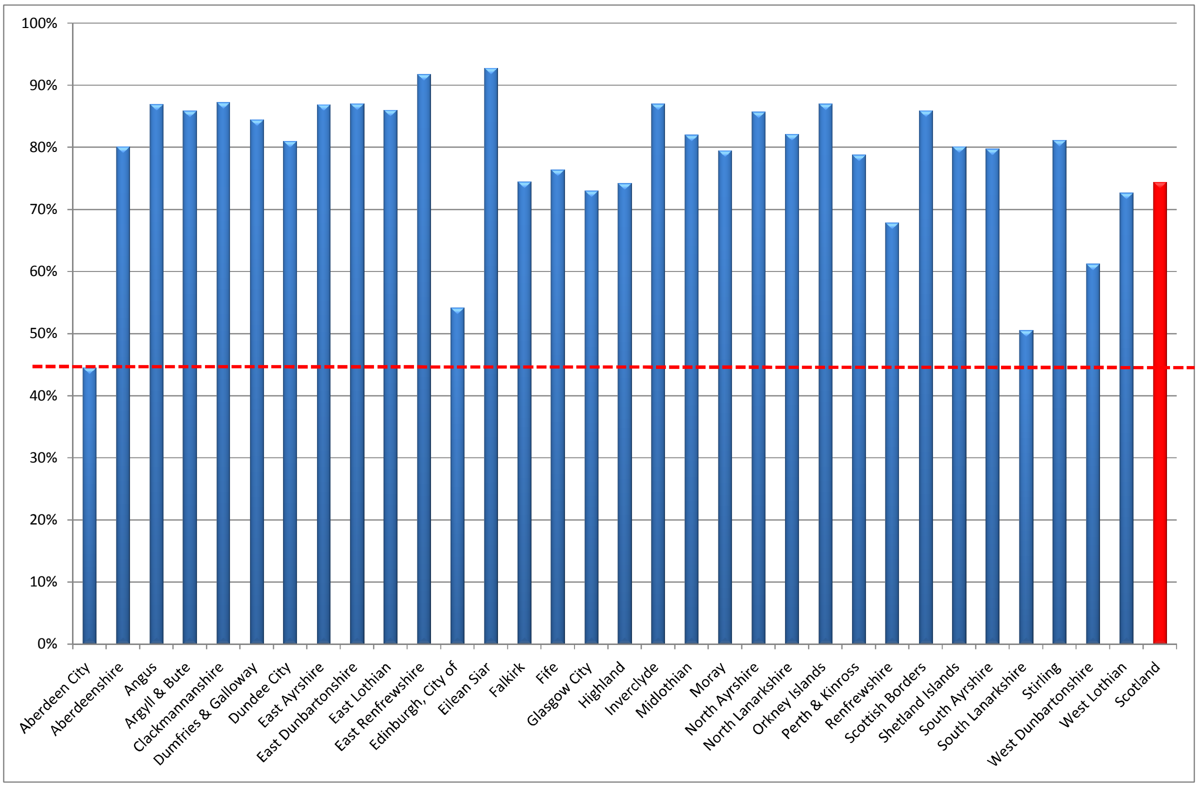
Non-domestic rates funding is a significant element of the overall funding package for Local Authorities as previously illustrated. The chart below shows non-domestic rates funding as a percentage of overall funding across all Local Authorities. This uses data from the 2013 finance circulars.



The chart highlights Aberdeen City as the only Local Authority which has over half (55%) of its total funding received via non-domestic rates. The only other authorities which come near to this level of ‘self-sufficiency’ are South Lanarkshire (49%), Edinburgh (46%), and West Dunbartonshire (39%). Of course any non-domestic rates raise in excess of the budgeted level are not retained by the Local Authority.

The reverse of the above chart is the presentation of the ‘revenue grant’ as a percentage of all funding. This is shown below and again highlights the comparatively low level of funding received by Aberdeen City Council compared to most regions.

Appendix 1



The chart shows that the revenue grant accounts for just 45% of the funding package for Aberdeen City Council. On average Local Authorities around Scotland attract closer to 75% of their funding from this method with most (25) Local Authorities attracting somewhere between 70% and 87%.

6. Impact of funding settlement

'Internal impact'

The previous sections have highlighted the comparative treatment of Aberdeen appears to in terms of its revenue grant funding receipts. This settlement is of course the result of a documented calculation method which is publicly available.

One of the aims of the research brief was to highlight whether the existing funding settlement has any significant impact on the region. It has been a challenge to demonstrate a clear economic impact within the scope of the research. However, consultations have highlighted some activity constraints.

It is challenging to directly apportion individual constraints to the level of revenue grant because the Scottish Government takes care to note that how Local Authorities meet their statutory obligations is decided at a local level. However, a number of common themes have arisen from the individual consultations undertaken.

Context

Consultations highlighted a shift, which may be reflected across other Local Authorities, in prioritisation of expenditure and a focus on operational efficiency.

All officers noted a rigorous discipline around expenditure on service provision. The discussions highlighted that in some cases services were no longer being delivered and in other areas were being delivered in more efficient ways. In some cases there were also efforts being made to invest in 'spend to save schemes' which will deliver benefits over the longer-term.

Efforts are continuing to generate efficiencies although most 'easy wins' have been delivered and future efforts are unlikely to bear the same significant benefits. In addition individual departments are also continuing to seek commercial sponsors and deliver services with volunteers and third sector organisations where appropriate.

Constraints

The majority of officers stated that many challenges faced by their teams were probably being faced in other Local Authorities across Scotland. There were some activities (eg providing Mortuary services and laboratories) which are only relevant to some regions / cities but again there was a general acceptance that cuts to Local Authority budgets would hit all regions.

It also appeared that some elements of statute cause constraints in how Aberdeen City Council can support economic growth. For example, the lack of freedom in supporting / working with the private sector to deliver both social and mid-market housing is a challenge for the City. Our consultations highlighted that high-end properties were being delivered by the private sector but this has squeezed the lower end of the market.

The consultations also highlighted real examples where the quality or nature of service is being reduced for example the provision of quality play areas, footpaths and cycleways.

There were pressures which appeared to cut across ACC departments which may be creating more acute delivery issues than in other regions. The majority of these issues related to local prices and cost pressures.

Staffing

All departments reported challenges in recruiting staff and retaining key staff. Consistently department heads reported continued loss of key staff to the private sector caused by an inability to meet salary expectations. Increasingly this is being compounded by challenges in attracting talent to the Local Authority because of the opportunities elsewhere in the region. Primarily the issues appeared to relate to salary competition rather than the job satisfaction or other employment issues. Good examples of this have recently been publicly covered in media within the education department. While ACC has met this challenge using innovative approaches such as incentives and relocation packages it has had to meet this cost as no location quotient is included in the existing funding settlement. While the educational example has been prominent in the media we were also given examples of challenges around recruitment and retention across all departments and covering unskilled labour, skilled / technical labour (eg plumbing and heating engineers), electricians and professional staff eg planners).

Contractor costs

Challenges in continuing to achieve best value through contracting were described. Simply put, the Local Authority is being challenged by local inflationary pressures when external contractors / suppliers are being sought. This means that maintenance costs are being driven up, service costs are being driven up, or in some cases planned maintenance is being delayed until contractors are available.

Attracting staff from other locations

The ability to attract staff from outside the region (ie to relocate) was not described as a frequent challenge. However, examples were given of occasions where relocation packages were not provided due to budget constraints which meant staff would not relocate. There were also examples given of staff who had initially moved into rented property but had since left due to high housing costs in the region. Increasingly the actual cost of property and lack of ability to provide packages which are attractive is acting as a constraint.

Increased demand

One of the final areas which appears to create challenge is that while budgets are falling in many cases demand for Council services is actually increasing. The resident population of the City continues to grow which impacts on core services. However, departments such as the planning team are dealing with increased demand from the private sector as development continues to take place. The ability to meet the needs of the development sector against a background of high staff churn, increasing demand, and challenging recruitment conditions may be constraining the pace of economic growth.

A further example is within the educational area which has been noted as a priority for the City Council. The increasing population within Aberdeen is creating challenges in funding extensions to existing and new schools which are required to meet demand, this is in spite of private sector contributions.

'Private sector view' and investment

Consultation with the private sector highlighted a number of positive aspects of Local Authority performance for example improvements in planning processes. Perhaps the most significant constraint to development noted were generally related to public sector investment. Primarily these constraints relate to two factors:

1. The requirement for developers to fund (generally in advance) utilities and other infrastructure to 'open' up development sites

2. Contributions to investment associated with schools and other public goods

Those consulted suggested that there may be ways to facilitate development if the right private / public commercial arrangements could be put in place. These arrangements might include up front public sector investment (ie pump-priming to release development sites) or risk / reward sharing associated with site development and increased land valuations.

Opening up and delivering housing development is important in the North-east and could help release the potential of the region more quickly given the constraints noted earlier in attracting staff due to the reported high cost of living. Realising this potential growth could increase both business and personal tax takes for Government.

We were also told that the relatively dispersed nature of the Strategic Development Plan allocated sites which may have a negative impact on development. By not allocating sites closer to Aberdeen City the public sector funding available for infrastructure is being spread more thinly. While this does not relate only to Aberdeen City Council it was deemed to be a significant constraint to growth related to available funding.

Other constraints were highlighted and these included:

- ACC not always aligning the activities associated with site disposal to ensure that land allocations are ready for development
- A recognition that the Local Authorities are finding challenges in recruiting and retaining staff due to the buoyant private sector and high housing costs
- A lack of transparency in some decision making where officer recommendations were not taken forward by politicians

7. Maximising impact

The previous section of this report has highlighted some of the constraints that Aberdeen City Council faces within the existing budget constraints as well as presenting potential constraints in economic activity being faced by the private sector.

To provide some context this brief section highlights some current measures of the contribution and economic activity of Aberdeen and highlights where data exists to suggest that future growth may be constrained.

Constraints to growth

AGCC has undertaken a number of studies over the last two years a number of which have considered constraints to growth.

Probably the most wide reaching study was undertaken in 2012[8]. This highlighted a number of barriers to growth, some of which Local Authorities would have little impact on eg Access to Finance, employment law. However, it is entirely possible that Local Government could be an important enabler in a number of the areas which businesses highlighted as having a negative impact on growth ie:

- People / Skills Shortages – which scored a negative balance of 76[9] and was highlighted in a 2013[10] study as the major barrier to growth in the North-east

With enabling investment Aberdeen Council would be able to facilitate the acceleration of housing development by delivering critical supporting infrastructure and progress planning applications more quickly. Research in 2013 reported that for every vacancy in Aberdeen there was just 0.5 applicants, this alone highlights that if more people were attracted to the City of the right calibre then it would be possible to significantly increase economic output.

- Road / Rail / Planning. These all received significant negative scores -50, -51, -64 respectively

Again investment in these areas could accelerate development outlined in the private sector constraints section. Delivering new roads or improved roads links and infrastructure would reduce congestion, increase productivity and benefit connectivity within Aberdeen. These enabling works would make the City a more attractive base and protect its competitive advantage. Some of these reported constraints will be addressed with the delivery of significant projects such as the AWPR, 3rd Don Crossing and new Dee Crossing.

- Broadband

Although Broadband was rated in 2012 marginally more positively than the issues above, speed of connections has been quoted as a barrier to growth in the region. Global

[8] North East Business Week 2012
[9] Balances were calculated by taking those reporting constraining growth from those reporting a positive impact on growth
[10] North East Business Week Research 2013

companies expect high quality Broadband connectivity as a given when considering relocations, again this is potentially an area where Local Authority intervention could act as a key enabling tool to reduce this constraint to growth. The variance between existing speeds and business requirements was reported by ACSEF[11] to the Scottish Parliament in 2011. The Cities Outlook monitor also reported Aberdeen being ranked as 61/63 with just 10.6% of postcodes having superfast broadband.

Of course none of these issues are new to the Region and as noted in the previous section, independent research highlighted in 2007[12]:

> *The downside of such high performance is that the supply side flexibility to enable further employment growth, without the predicted continued growth in working age population, would be limited.*

Growth and contribution

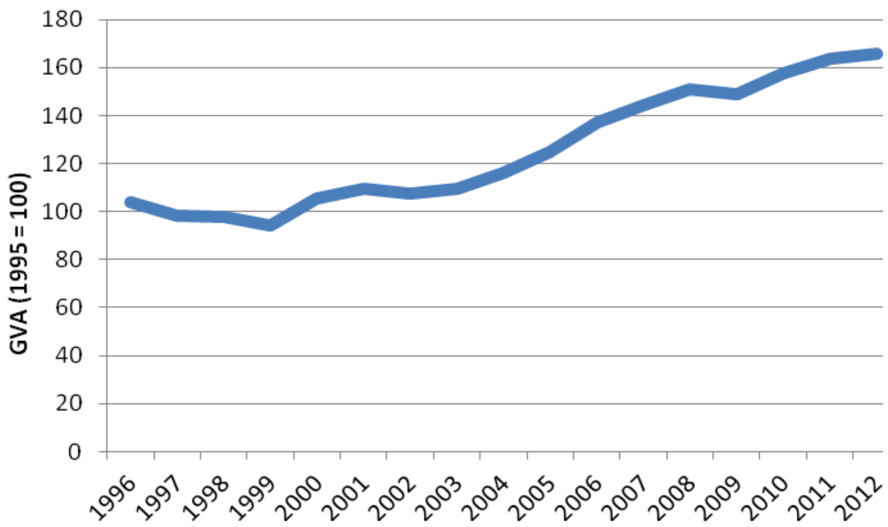
The 2007 economic review noted that growth in the region was not forecast to continue to be as strong as had been the case. Of course since that report much of the UK has faced a deep recession while Aberdeen has actually continued to grow, this is explored further below.

Measure	Aberdeen	Scotland / UK
Employment rate 2011-2012	77.9%	Ranked 2nd of 64 cities in UK
Business Start ups	55.1 per 10,000 of population	Ranked 2nd of 64 cities in UK
Patents	7.3 per 100,000 of population	Ranked 7thof 64 cities in UK
Job Seekers Allowance Claimant rate	2.0%	Ranked 2nd (best) of 64 cities in UK
Average weekly earnings	£528	Ranked 8th of 64 cities in UK
Annual house price change 2001-2011	8.8%	Ranked 2nd of 64 cities in UK
GVA growth 2012	1.2%	Ranked 2 out of 17 metropolitan regions
Nominal GVA per hour worked	116.1 (indexed from 1994)	Ranked 7 out of 134 NUTS 3 regions
Source: Cities Outlook 2013, European metromonitor, ONS		

The Centre for Cities also found that Aberdeen was the only top Ten City in the UK which was not based on the South of England in its Business Stock ranking. The chart below also shows the almost continual growth in GVA in the City over the last 17 years.

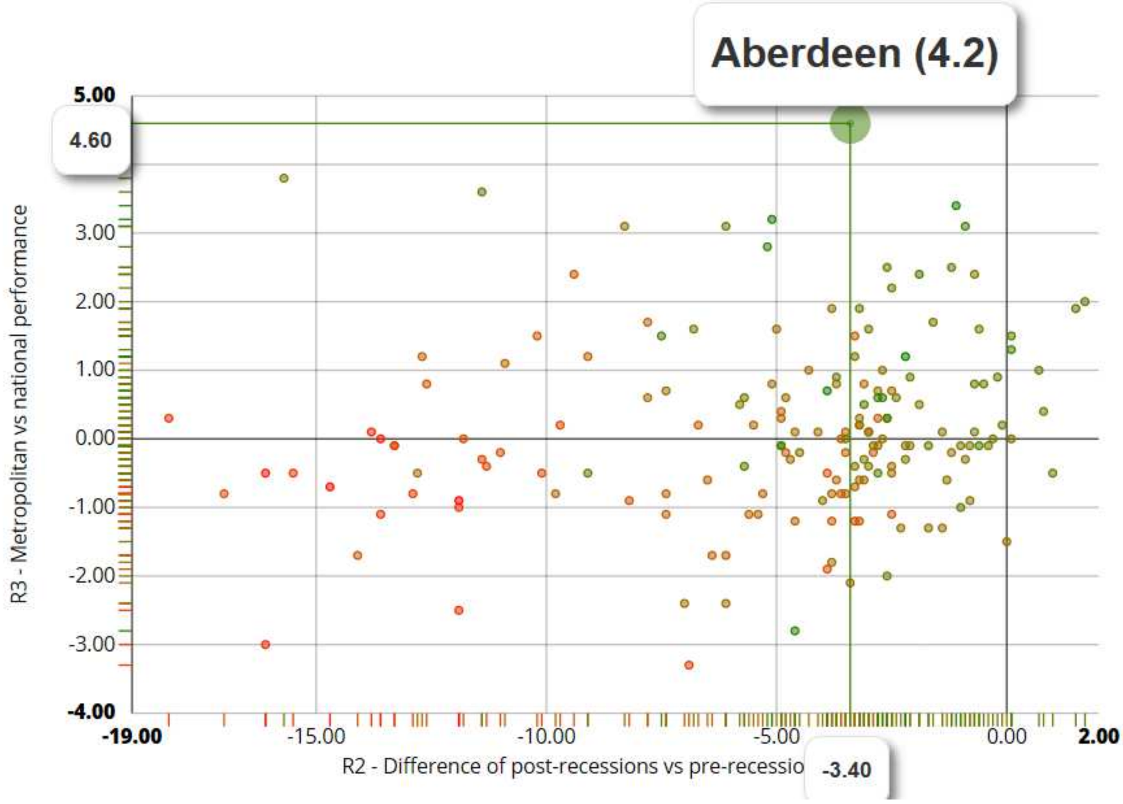
[11] http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/Inquiries/ACSEF.pdf
[12] Economic Review of Aberdeen City Region 2007, http://www.acsef.co.uk/uploads/reports/2/Experian-AberdeenCityRegionFinalReport.pdf

Appendix 1



Source: European metromonitor

The chart below highlights Aberdeen as a UK outlier in its levels of resilience over the last 5 years.



Source: European Metromonitor

The locations to the right of the chart are those which have maintained or improved GVA and employment in comparison to the period between 2002 and 2007. Those above 0.00 on the horizontal axis have also enjoyed a better performance locally than their national context, we can see from this that Aberdeen has outperformed any of the 151 largest metropolitan regions in Europe on this measure.

A review of the North East economy would not be complete without considering the impact of the Oil and Gas sector at a UK level. The table below includes data for direct and indirect employment for the sector across the North East using parliamentary geography.

Region	Direct	Indirect
West Aberdeenshire & Kincardine	2,130	6,860
Gordon	8,080	25,700
Banff and Buchan	170	660
Aberdeen South	3,070	9,850
Aberdeen North	9,840	31,250
Sub-total North East	23,290	74,320
Total UK	32,000	207,000
North East Percentage of UK	73%	36%
Source: Oil & Gas UK		

The table shows that the majority of direct employment is located in the North East with at least 40% of direct employment within the City Council area (Aberdeen South and North). Given the scale of employment it also follows that the majority of the contribution to UK wealth from this sector emanates from the North East. Not least this includes a direct link to the sectoral contribution of around 16% of UK corporation taxes received by the exchequer.

Summary

The analysis is not designed to chart the economic performance of the Aberdeen region versus the rest of Europe, UK or Scotland in totality. However, the data illustrates that since 2008 the region has performed strongly on most economic measures. It is also well known that via the Oil and Gas sector the economy is an important driver of UK tax receipts and balance of payments.

However, research has also shown that there is latent demand and potential in the economy. Realising this potential is not a straightforward exercise and requires interventions from the public and private sector. However, if the public sector was in the position to contribute more support to remove barriers to growth it appears that Aberdeen has the potential to contribute even more revenue for Scotland and the UK via the wealth created by the 7 in 10 businesses who are looking to grow in the region.

Further investment from the public sector is of course challenging in a time of austerity and limited public funding. Therefore the following section seeks to identify options which can create the right investment conditions to allow Aberdeen City Council to play a role in realising this opportunity.

8. Alternative funding methods

Introduction

The analysis in the early sections of this report demonstrates that Aberdeen City Council attracts low levels of funding per capita and relatively attracts low levels of funding in comparison to its tax contributions to Scottish and UK Government. However, it must also be noted that generally funding to Local Authorities continues to fall and are forecast to fall further.

Therefore set against that background, and assuming that the existing funding formulae appears unlikely to be changed significantly , this section outlines some alternatives open to ACC. The options presented consider a range of ‘possible’ routes including the identification of proposals which have the scope to deliver economic growth within Aberdeen but also deliver better financial outcomes for Central Government.

It is important to consider alternative options because there is a risk that falling investment in Aberdeen may in time lead to less income for the Scottish and UK Governments. It is also important because consultations have highlighted that growth is being constrained and real economic output is being delayed or possibly lost.

Options for change to realise growth

There are broadly four approaches for Aberdeen City Council to generate more funding to invest in economic growth and improve service quality, these are:

1. Reduce costs
2. Increase ‘earned’ income
3. Receive more funding from Central Government
4. Borrow to grow

Using these four groupings a number of options are identified below to help consider how Aberdeen City Council could ‘generate’ additional funding. A review of the status quo is also provided.

1. No change / status quo

This option would see a continuation of the current funding settlement process particularly around the collection and redistribution of local elements of taxation ie Council tax and NDR. Given the historic reference point of Council Tax there appears to be some incentive to build housing in a region to generate greater levels of Council Tax income against targets. It is unclear whether this benefits a City which can build to attract local residents or ‘dormitory’ / commuting areas which have greater land banks and scope to develop housing.

The NDR status quo option creates very little incentive to do more than recover exactly that which is targeted by the Scottish Government. Indeed arguably there is a disincentive to collect more than the allocated amount. With anything collected above the levels forecast there is no incentive to reinvest in employment land / wealth generating business activity.

Indeed if over a period of time a Local Authority under performed marginally there is likely to be a suppression in future NDR targets.

The existing structure appears to incentivise a Local Authority to allocate land for housing rather than business uses which on a significant scale may be unsustainable. Furthermore, if additional revenues are secured as these are returned and shared amongst other Local Authorities it may follow that increasingly those regions who are successful will contribute more and more as a percentage of their total funding settlement.

2. **Reduce costs / increase efficiency**

All Local Authorities would claim that increased efficiency is at the core of their business. In the case of Aberdeen evidence on efficiency gains have been consistently reported including in assessments by Audit Scotland. In many respects this option effectively sits as part of the status quo as all Local Authorities seek ways to deliver their required standards in more effective and efficient ways.

3. **Increase revenue**

3a. Raise revenue from existing services

One option to generate funding for reinvestment is to charge residents / users for services or charge more than is currently the case. The effectiveness of this approach across a number of Local Authority services will depend on simple economics ie what will be the demand for services at an increased price. In other words there is a risk that by increasing the price of services that the demand will fall and the net financial impact will be neutral or negative. It is therefore important that any decisions in simply increasing prices is undertaken based on robust analysis to ensure it does not have the opposite effect to that intended.

Another potential impact of this will of course be a public ‘backlash’ which will reflect on either the Local Authority directly or national politicians if the reason presented for price increases is the Scottish Government funding settlement.

More generally it is unlikely that this approach will make a material difference on revenue given the likelihood of a fall in demand and the inability of the Local Authority to charge for all services provided to residents.

An iteration of this approach could be for Government to devolve more decisions around statutory services and charging to Local Authorities. However, there is a risk to this approach which is significant variability in either charging or quality of service across borders.

3b. Raise revenue from new 'services' / sources

Instead of considering charging more for existing services which may be priced at an acceptable or equilibrium level there could be options to charge for 'new services or sources'. This focus of this research was not to recommend specific commercial revenue raising opportunities but highlight examples which have been seen elsewhere, these include:

- Increased parking charges for visitors – research undertaken by Aberdeen Inspired has already shown the cost of parking is a serious concern for retail businesses in Aberdeen. Other studies have also shown that reducing parking charges can actually increase economic activity and spending
- Increase parking charges for residents – of course this would be unpopular and although in a different legal jurisdiction we have seen legal challenges in areas such as Barnet council to this type of approach
- Increased use of fines eg parking, bus, litter etc – Aberdeen City Council already has a bus lane fine, parking fine and other 'fines' schemes which raise revenue and which are not always replicated in other regions across Scotland.
- New charges use of service from non-residents eg Road Tolls – One method which has been used in Cities across the world are road tolls for visitors to a City. This is a controversial initiative generally and is usually preceded with a protracted political / public debate such as that recently seen in Edinburgh.
- Advertising or sponsorship eg sponsor a service, building or smaller assets eg manholes, roundabouts – there are examples of Councils around the world who have delivered fairly innovate ways of generating revenue through advertising and sponsorship. This may provide some opportunity for Aberdeen City Council although care needs to be taken around how public services are associated with commercial entities.

There are existing studies and reports on revenue raising[13] around the world for Local Authorities. However, it would seem again counter intuitive for one Local Authority to 'break ranks' and charge for roads use etc as this over time would no doubt have a detrimental impact on its revenue settlement in the longer-term. Furthermore, these approaches are effectively local taxes for residents or visitors to the region.

There are merits in some of the more innovative ideas presented around the world which merit further consideration. In particular this might include advertising and sponsorship of public facilities, services or places around Aberdeen City. Although care must also be taken in this field around the ethical considerations of commercial support / funding[14].

---

[13] http://www.pc.gov.au/__data/assets/pdf_file/0008/89936/02-overview.pdf
http://www.londoncouncils.gov.uk/policylobbying/transport/parkinginlondon/parkinginformation.htm
http://lokalnirazvoj.rs/assets/files/Baza_znanja/Upravljanje_prihodima/Toolkit%20for%20Local%20Revenue%20Mobilization.pdf
[14] http://www.newstribune.com/news/2013/may/26/cities-try-get-creative-revenue-ideas/

3c. Increased Council Tax - Stop / Reduce commercial build

There appears to be an option for Aberdeen City Council (based on the incentives within the funding settlement) to reduce the amount of commercial land it allocates and deliver more housing to generate more revenue.

This option appears to have some short-term benefits in terms of financial returns. However, over the longer-term this may not be a sustainable approach. Over time proportionally reducing the volume of employment land will reduce the competitiveness of Aberdeen as a place to do business. Commercial property prices would already suggest that there is a lack of suitable space, and the significant volume of development being delivered currently suggests that constraining future growth would not be sensible for the region, Scotland or the UK.

3d. Increased Council Tax – Remove 'freeze' on charges

The Scottish Government has worked with Local Authorities to freeze Council Tax charges for residents within their regions. Clearly this approach has a benefit to residents as in real terms their charges fall while the statutory requirement to deliver services is in theory retained.

A simple way to increase revenue for Local Authorities would be to remove the Council Tax freeze. This would see Local Authorities collecting additional revenue in line with whatever increases were allowed eg inflation linked, performance linked etc.

4. Changes to central settlement

4a. Deliver the Business Rates Incentive Scheme

In December 2011 the Government announced a new Business Rates Incentivisation Scheme (BRIS). This scheme was developed to encourage Local Authorities to raise new revenue by outperforming against the target set by Government in the collection of Non-Domestic Rates. The scheme was to begin in April 2012 and any out performance against target was to be shared equally (50%/50%) with the Scottish Government.

So for example in the Local Government Finance Circular No. 1/2012 the Scottish Government set a target for Aberdeen City Council of £163,958,000 for the collection of NDR. Anything over this would be shared equally. This was deemed to be

> *'simple to administer as well as making it transparent and easy to understand'*

The changes to the BRIS are well documented and has been subject to Parliamentary questioning in Holyrood. The Scottish Government set an expected national total NDR revenue of £2,252m for 2012/13 however this was later revised up to £2,400m. The Scottish Government argued that this increase was not due to the influence of Local Authorities but an external (significant) factor. The local impact of this was a revision for Aberdeen City Council set out below.

Nature of target	Forecast income	Variance from target
Original NDR target	£164.0 million	
Revised NDR target	£175.5 million.	£5.75m
Further revision (at Mid-Year)	£176.1 million	£0.3m

This change of targets has meant that that instead of generating £5.75m of 'new revenue' just £0.3m will be achieved.

Given the experience of the scheme to date it appears important that the treatment of external factors is considered more fully in the future. This will ensure that there is a clear set of rules which is critical when any targets are created, this should include what external factors can lead to a reconsideration of incentive payments. For example, a legal challenge setting a new precedent for revaluations might be relevant but it would not appear appropriate to count general economic performance as that would be considered in the general target setting and would constitute double counting.

It may also be worth considering what 'gaming' might be created by only producing targets one year in advance. For example, most regulated industries which use incentive schemes use a five year (or longer) planning period accepting that there will be ups and downs which will average out over time. A longer-term approach would also allow for changes to even out around revaluations too. The existing approach might actually incentivise a Local Authority to slow economic investment until such a time as the general scheme becomes more embedded / less volatile.

The risk of a moving set of rules / targets is that it constraints longer term projects to be considered or risk based decision making. In other words risk levels are revised to take account of potential changes which could lead to a loss in expected returns. The inability to plan itself reduces the impact a Local Authority can have on economic growth particularly for projects which have a longer-term payback.

4c. **Deliver an optional Business Rates Incentive Scheme**

A further sub-option to a simple BRIS scheme would be one where an ‘opt in or out’ approach could be used. This would enable Local Authorities to hold the risk of external factors (positive and negative) and decide to take part in a BRIS scheme (or not) based on their own risk profiling. This would avoid any apparent changes which might be deemed unfair or questionable. However, it is likely that this would require a longer-term horizon to allow shorter-term volatility risks to play out and longer-term economic decisions to realise benefits.

While the opt in / out approach is not used in England a longer term target setting approach is used. The business rates retention scheme sets targets effectively to 2020 by using a RPI inflator up to 2020. The purpose of this is to provide Councils with certainty for planning and budgeting purposes much like regulated industries.

4d. Introduction of longer-term ‘frontier regulation’ approach to NDR collection alongside Incentive Scheme

This option has been created by considering approaches in regulated industries. In these industries efficiency and performance incentives are created by setting a price cap, which is in effect very similar to the approach the Scottish Government uses with Local Authorities with their annual targets. Typically in regulated industries a four or five year time period is used to provide certainty and encourage longer-term decision making. Hitherto typically regulators have used RPI as an index for revenue targets and created efficiency targets by including an ‘x’ value ie RPI-X. This ‘x’ value reduces the incremental increase in revenue targets below RPI.

At a most basic level the 5 year regulatory approach assumes that a company who is most efficient is at the ‘frontier’ and therefore using comparative analysis this allows a regulator to encourage other companies to reach that level.

Targets can be set using historic performance and comparative performance and this is assessed against future business plans companies set out. This still encourages businesses to become more efficient yet still deliver what they have said they would in their public business plans.

The incentives with this approach may be stronger if companies are in private ownership. However, the philosophy is not significantly different from the BRIS initiative created by the Scottish Government. In that respect the key variance is the longer-term planning horizon used and the use of direct comparative assessment to drive performance, as well as the role of business plan assessments.

The Scottish Government has taken care to note that it does not assess Local Authorities budgets, therefore this option may not be desirable.

4d. Tax Incremental Financing (or comparable initiatives)

Tax incremental financing is a technique which has been used widely across the public sector although to a limited extent to date in Scotland.

The principle of the scheme allows investment which will help generate future tax revenues (business rates). On the assumption that future tax revenues will be enhanced by a development investment finance can be secured against this expected income. This philosophy is effectively no different to most business investments where one may borrow with the expectation that future profits will allow funding to be repaid.

Across Scotland a number of pilot projects have been confirmed. These projects require a number of criteria set out by the Scottish Futures Trust to be met. Furthermore future tax revenues can only be ‘counted’ from certain spatial areas which are pre-agreed.

Our discussions have noted a number of developments which could be delivered in the Aberdeen region if infrastructure was improved. Considering additionality at a national level it is unlikely these private sector investments would be delivered outside the region due to a lack of demand. Therefore, at Scottish level there would be little displacement. However, there appears genuine risk these developments will not take place without public sector intervention, therefore economic output could be lost. There is also risk that further inward investment from businesses seeking to locate in / around Aberdeen could also be lost.

A review of the TIF initiative in Scotland reported that:

> *‘The overall messages from the lessons learnt review was that TIF can be a key tool for local authorities in delivering economic growth and regeneration.’*

However, the review also highlighted challenges such as the complexity of the TIF delivery, choice of the ‘Red line’ (spatial area included), and the requirement for clarity of roles between the Local Authority, Government and the Scottish Futures Trust.

On the face of it the initiative or concept appears ideal for a region where strong economic growth is being delivered but in which development is being constrained because of poor infrastructure or similar issues. However, it is not clear if the scheme could be used on multiple occasions in one region or whether particular spatial areas might be excluded if that was the case.

Therefore, in a region such as Aberdeen where it appears that multiple large scale investment are required to unlock further economic regeneration a single TIF project may be insufficient.

In considering the limitations of TIF it is also worth noting the wider scope of the ‘City Deals[15]’ initiatives currently operating through the UK Government. This initiative has used a variety of incentives to devolve decision making with a view to increasing economic output. **There may be benefit in exploring the potential to ‘borrow’ against future corporation or income tax takes which effectively becomes an ‘option 4e’.**

[15] https://www.gov.uk/government/publications/city-deals-wave-1

Option appraisal

The appraisal of the options to generate greater revenue is summarised on the following page. To undertake a basic assessment we have used four simple filters which are explained below.

Risk of lower revenue to Central Government (from counterfactual)

This provides an estimate of whether Central Government would be likely to receive less revenue from NDR paid from Local Authorities than is currently the case. This assumes a counterfactual which is broadly the current direction of NDR receipts set out in Scottish Government forecasts.

Risk of lower revenue to Local Government (from counterfactual)

This provides an estimate of whether there would be further reduced income or funding for Local Authorities. Of course it is likely that there will be continued cuts in any event from Central Government, that assumption is used as the counterfactual assessment. Where we have included a ‘no’ under the risk of lower revenue to Local Government this assumes that there is an additional risk to that which already exists.

Politically challenging to deliver (local or national)

The final two criteria are assessments of deliverability. The first provides an assessment of whether political decision makers (in our view) would find the change in direction politically challenging. For example, if the option might be unpopular to the general public we have assumed this would be politically challenging.

Technically deliverable / simple to understand

We have finally included an assessment of whether the option is more complex than the existing regime, or if it is much more complex to understand or technically deliver. Ultimately an option may be financially opportune but it if is not deliverable it will always be challenging to achieve a successful outcome.

Option no	Description	Risk of lower revenue to Central Government (from counterfactual)	Risk of lower revenue to Local Government (from counterfactual)	Politically challenging to deliver (local or national)	Deliverable / simple to understand
1	Status quo	No	No	No	Yes
2	Reduce costs / increase efficiency	No	No	No	Yes
3a	Raise revenue from existing services	Yes, if demand falls	No	Yes, locally	Yes
3b	Raise revenue from new 'services' / sources	No	No	Yes, both	No
3c	Increased Council Tax - Stop / Reduce commercial build	Yes, if competitiveness falls	Yes, if NDR revenue falls	Yes	No, appears to lack common sense
3d	Increased Council Tax – Remove 'freeze' on charges	No	No	Yes, nationally	Yes
4a	Deliver the Business Rates Incentive Scheme	No	No	No	Yes, although appears to be a scheme with limited potential due to lack of downside risk
4b	Deliver an optional Business Rates Incentive Scheme	Yes	No	No	Yes
4c	Introduction of longer-term 'frontier regulation' approach to NDR collection alongside Incentive Scheme	Yes	Yes	Unsure	No
4d	General Rollout of Tax Incremental Finance Initiative	Yes	No	No	Yes
4e	Borrowing initiative base on future corporation or income tax takes	Yes	No	Unsure	Yes

There are clearly merits to most options with a number of disadvantages too either for local or national Government.

The least controversial option appears to be option 2 but, in reality, this is little more than the Status Quo as both local and national Government strive to realise efficiencies and increase productivity. In that respect one could not expect any step change in wealth creation or provision of better services through this option.

Raising revenues from new sources (option 3b) is attractive on the face of it. However, this is of course the holy grail for Government around the UK and globally. In that respect while it appears attractive actually achieving benefits / revenue increases will be challenging. Most 'easy wins' will have been achieved leaving more challenging or controversial routes left. In some respects this option again is attractive as part of a status quo approach but should be recognised as having significant limitations.

Option 3d will help Local Authorities raise revenue from its residents in line with inflationary costs. Again this is unlikely to create any step change in outcome and will simply raise revenue against domestic property based on an index linked / other tool.

With respect to creating a step change in generating revenue it appears options 4a and 4b appears to be most credible. Obviously the existing BRIS has faced challenges with its implementation and Aberdeen City Council has yet to realise significant benefit from the initiative. However, with certainty and clear rules this should or could work effectively.

The options where less real life experience exists in Scotland are options 4c and 4d and 4e. Option 4c would be a significant move from the status quo and is probably not desirable.

The concept of option 4d clearly has significant merits in enabling development to take place which would not otherwise happen. However, the TIF process is closely governed and perhaps lacks some flexibility when considering partnerships with the private sector and is ultimately in its infancy in terms of delivery. The potential to utilise the TIF concept for income or corporation tax takes also has some attractive features and is being used elsewhere in the UK.

Synthesis of options

As a desk exercise it is relatively simple to highlight the strengths and weaknesses of the options highlighted. However, there appears to be clear opportunities to create the conditions for Local Authorities to invest locally for the benefit of their regions, Scotland and the UK as a whole.

Considering all of the tools in place across local and national Government it appears the following steps would create strong incentives at a local level to generate economic growth while minimising or removing risk to Central Government and other Local Authorities:

- Continue with existing cost reduction / efficiency strategies
- Consider revenue generation opportunities including commercial sponsorships
- Continue balanced delivery of housing and commercial land / development

On top of these 'simple' steps it appears that greater growth could be created with some slight revisions to the BRIS, TIF and City Deal schemes. Effectively the aim must be to create conditions that give long-term financial planning horizons and a degree of certainty around incentive schemes. Therefore the following additional steps could be taken in partnership with Scottish and UK Governments:

- Extend NDR forecasting period (at least 5 years)
- With extended forecasts continue operation of BRIS
- Allow Local Authorities to opt in or out of the BRIS programme based on these longer term forecasts, therefore allowing each authority to assess their own risk / reward profile
- Continue to allow Local Authorities at least 50% of NDR collection outperformance
- Continue to allow Local Authorities to invest this outperformance in economically beneficial activities
- Enable Local Authorities to continue to access TIF initiatives or an alternative larger programme of borrowing / investment approach where multiple opportunities exist in a City / region
- Consider whether a comparable initiative to a TIF can be delivered via UK Government which enables ACC to borrow against future corporation / income tax takes eg City Deals

This approach may lead to Local Authorities being more innovative with their investment decisions. For example it may lead to the creation of wholly owned subsidiaries focused on enabling infrastructure that share risk with the private sector based on both NDR recovery and property values.

Of the above points perhaps the most important is the creation of certainty in the BRIS scheme. Extending the forecasting timeline and adding an opt in/out clause creates better incentives for all parties and reduces the opportunity for gaming.

Indeed this approach allows the Scottish Government scope to set lower targets which might attract people to opt-in or higher targets which would reduce incentives to perform but which may actually increase their risk of under recovery.

Finally, there appears merit in overlaying the recommendations above alongside the current initiatives being delivered through City Deals in England. While some of the projects identified via the City Deals are comparable to activity such as TIFs, there are other opportunities for example those being exploited in Greater Manchester. This region is being incentivised to invest in growth by being funded by greater proportion of the national tax take. This may be an option which can be pursued by ACC with both the Scottish and UK Governments given the impact the region has on corporation tax take and the UK balance of payments.

Appendix 1

Appendix A – GAE measures

Broad category	Specific measure	Number	Broad category	Specific measure	Number
Education	Nursery School Teaching Staff	1	Roads and Transport	Road Maintenance	49
	Primary School Teaching Staff	2		Winter Maintenance	50
	Secondary School Teaching Staff	3		Road Lighting	51
	Special Education	4		Road Administration	52
	School Transport	5		Support for Buses	53
	School Meals	6		Remainder of Concessionary Fares	54
	School Non-Teaching Staff, Property etc	7		Support of Ferries	55
	School Hostels and Clothing	8		Support of Airports and Harbours etc	56
	School Security	9		Support of Glasgow Underground	57
	Gaelic Education	10	Leisure and Recreation	Parks and Open Spaces (incl Countryside Amenities)	58
	Teachers for Ethnic Minorities	11		Sports Facilities and Swimming Pools	59
	Education Deprivation	12		Tourism	60
	Community Education	13		Remainder of Leisure and Recreation (incl Regional Element)	61
	Residual Further Education	14		Libraries	62
	Residual FE Travel & Bursaries	15		Museums and Art Galleries	63
	Childcare Strategy	16		Land Access	64
	Sure Start Scotland	17	Cleansing and Environment	Waste Collection	65
	Adult Literacy and Numeracy	18		Waste Disposal	66
	National Priorities Action Fund	19		Street Cleaning	67
	Former Excellence Fund	20		Environmental Health	68
	Pre-School Education	21		Smoking Ban	69
	Teachers Pensions	22	Elections and Taxation	Collection of Local Tax	70
Social work	Services for Home-Based Elderly	23		Lands Valuation	71
	Residential Accommodation for the Elderly	24		Valuation of Council Tax	72
	Casework and Related Administration: Elderly	25		Registration of Births, Deaths and Marriages	73
	Community and Residential Care for Children	26		Collection of Non-Domestic Rates	74
	Day Care for Children	27		Electoral Registration	75
	Casework and Related Administration: Children	28	Other services	Planning and Economic Development	76
	Services for Aids/HIV Cases	29		Building Control	77
	Casework and Related Administration: Aids/HIV	30		Miscellaneous Services	78
	Services for People with Disabilities	31		Burial Grounds	79
	Casework and Related Administration: People with Disabilities	32		Crematoria	80
	Independent Living Fund	33		Consumer Protection	81
	Remaining Social Work	34		School Crossing Patrols	82
	Casework and Related Administration: Other Client Groups	35		Non-Road Lighting	83
	Community Care: Mental Health	36		Supported Employment	84
	General Administration	37		Homelessness	85
	Community Care Action Plan	38		Administration of Housing Improvement Grants and Loans	86
	Children's Services Development Fund (incl Youth Crime)	39		Civil Protection	87
	Supporting Young People Leaving Care	40		New Towns Transfer	88
	Carers Support and Respite Service	41		Trading Services	89
	Care Home Fees	42		Coast Protection	90
	Personal and Nursing Care for Older People	43		Flood Prevention	91
Police and fire	Police GAE (excl Injury Benefits)	44		Supporting People	92
	Injury Benefits	45		Tackling and Preventing Homelessness	93
	Fire Staff Costs	46		Enhanced Debt Advice Services	94
	Transitional Funding	47			
	Fire Running Costs	48			

Appendix B –Sources

Number of schools	2013	http://www.educationscotland.gov.uk/scottishschoolsonline/nearest.asp
Number of operational properties	2011/12	http://www.audit-scotland.gov.uk/performance/council/
Number of Children 0-15	2012	http://www.gro-scotland.gov.uk/statistics/at-a-glance/council-areas-map.html
Population Aged 65+	2011/12	http://www.audit-scotland.gov.uk/performance/council/
Length of roads (km)		http://www.scotland.gov.uk/Publications/2010/12/17120002/60
Travel to work area	2001	http://www.gro-scotland.gov.uk/census/censushm/occpapers/scotlands-census-2001-statistics-on-travel-to-work-or-study/
Deprivation	2012	http://www.scotland.gov.uk/Topics/Statistics/SIMD/DataAnalysis/Background-Data-2012/Background2SIMD2012
Number of Subjects	Report run 7/8/2013	http://www.saa.gov.uk/general_statistics.php?&REPORT_NAME=vr_subject_total#report_list
Total Rateable Value	Report run 7/8/2013	http://www.saa.gov.uk/general_statistics.php?&REPORT_NAME=vr_subject_total#report_list
Length of roads	2011	http://www.transportscotland.gov.uk/files/documents/reports/j205779/j205779.pdf (No. 30, 2011 Edition)
Population	2011	GRO, Estimated population 2011
No of Business Units	2010	Scottish Business statistics (August 2012 update) – 2013 not available at the time of analysis http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/SABS/LATables
Financial data	2013/14 allocations	Local Government Finance Circular No.2/2013

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	20 February 2014
DIRECTOR	Angela Scott
TITLE OF REPORT	Empty Properties – Council Tax
REPORT NUMBER:	CG/14/011

1. PURPOSE OF REPORT

This report advises changes to Council Tax legislation relating to unoccupied properties - The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. The Scottish Government is committed to reducing the number of unoccupied properties and this legislation is intended to encourage owners of long term empty properties to bring them back into use. The legislation allow councils to vary the amount of discount awarded and increase the level of council tax (not Water and Sewerage) payable on long term empty properties.

The report requests approval to:

- vary the discount awarded to 10% for properties unoccupied for more than six months (currently 50% discount) and

- increase the council tax payable by 100% for properties unoccupied for more than 12 months.

2. RECOMMENDATION(S)

The committee is asked to approve the changes to Council Tax Discount as per The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 from April 2014 to reduce the discount awarded to 10% after six months and increase the council tax charge by 100% on properties that have been empty for more than 12 months.

3. FINANCIAL IMPLICATIONS

Based on the information available at the time of the report it is estimated that an additional £750,000 of council tax charges could be raised. These figures have assumed that properties continue to be unoccupied for a full year and no properties are brought back into use.

It should be noted that any properties owned by the council would also be subject to the revised charges.

Any additional income can be used at the discretion of the council, not ring-fenced to affordable housing.

The cost of three additional staff for administration would be:

Job Title	JE Grade	Min Salary*	Max Salary*
3 x Customer Care Assistants (Council Tax)	G9	25,780.94	29,038.41

Net Cost	£77,342.82	Net Saving	

*These figures represent approximate costs for a full financial year 14/15. 29.7% on costs have been included in the above figures. The posts will be appointed at the bottom of the scale.

4. OTHER IMPLICATIONS

It is expected that the legislative changes will increase the workload on the Council Tax Administration and Recovery teams due to additional change of addresses, applications for discounts and queries. There will also be an increase in visits to confirm occupation. It is expected that an additional three staff will be required.

5. BACKGROUND/MAIN ISSUES

In 2005 the Scottish Government introduced legislation that allowed councils to modify the existing 50% council tax discount available on long term empty and unfurnished properties and second homes to between 10% and 50%. The council agreed at the Resources Management Committee in 2005 to amend the discount to 10%.

The additional revenue raised from this amendment is ring-fenced for affordable housing to meet priorities determined locally by the council.

In 2012, the Scottish Government introduced new legislation that allows councils to further amend discounts available on long term empty properties. The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 legislation has been introduced to encourage owners of long term empty properties to bring them back into use by reducing the council tax discount awarded on unoccupied properties and increase the level of council tax payable on certain long term empty properties.

An unoccupied property is any property which is not someone's sole or main residence, and is not a second home. An unoccupied property may be either furnished or unfurnished but is either not lived in at all or is lived in for less than 25 days in any twelve month period.

A long term unoccupied property is defined as a property which has been unoccupied for 1 year or more.

The new legislation allows councils to reduce the discount awarded to 10% earlier than at present, i.e. after 6 months rather than 12 months. It also allows councils to charge an additional 100% on certain long term unoccupied properties.

To encourage the long term empty properties within Aberdeen City to be brought back into use, it is proposed to reduce the discount to 10% after six months. It is also proposed to increase the charge by 100% on certain properties that have been empty for more than 12 months. To be implemented from April 2014.

Where properties are actively being marketed for sale or rent e.g. registered with an agent/solicitor and has a valid home report they will be exempt from the council tax increase until they have been unoccupied for 2 years or more. These properties will continue to be liable for 10% discount.

Properties classed as holiday homes, occupied as job related or undergoing major repairs will continue to receive the same level of discount and exemption.

Second homes are not impacted by the change of legislation. A second home is defined as being furnished and lived in for at least 25 days in any twelve month period, but not as someone's sole or main residence. This has been revised in the updated legislation. There is no change to the 10% discount awarded to second homes.

Appendix 1 provides a table that summarises the current and proposed position.

These changes do not impact on council tax exemptions for unoccupied properties. There are a number of exemptions in place for the owner of unoccupied properties such as:

- It is undergoing, or has recently undergone, major repair work or structural alteration
- It was last occupied by a charity
- It was last occupied by, and remains the sole liability of, someone in prison or someone living elsewhere to receive or provide care
- It is owned by someone who has died
- Its occupation is prohibited by law
- It is being kept for occupation by a minister of religion

- It was last occupied by a student
- It has been repossessed following a mortgage default
- It was last occupied together with certain agricultural lands
- It is held by a trustee in bankruptcy
- It is part of the same premises as, or situated within the same 'curtilage' as, another dwelling and is difficult to let separately.

Other local authorities have been contacted via the Institute or Revenues, Rating and Valuation how they are implementing the changes. A summary is shown below:

- 7 councils have amended or have the intention to amend the discounts available on unoccupied properties and implemented the additional 100% charge in line with the revised legislation.

  (Aberdeenshire, Argyll and Bute, Dumfries and Galloway, East Lothian, Edinburgh, Eilean Siar, North Lanarkshire)

- 1 Council has amended the discounts available on unoccupied properties but not the additional 100% charge.

  (Glasgow)

- 1 Council has implemented an additional charge of 50%.

  (Moray)

- 5 Councils have decided not to amend discounts and no additional charge has been implemented.

  (Clackmannanshire, East Renfrewshire, Falkirk, Shetland, Midlothian)

- 8 councils are considering their options.

  (Fife, Highland, North Ayrshire, Orkney, Perth and Kinross, Scottish Borders, South Ayrshire, West Dunbartonshire)

It is proposed, implementation will be achieved by writing to the liable person(s) impacted prior to billing for 2014/15 to advise of the changes.

6. IMPACT

There will be an increase in the amount payable for certain unoccupied properties within the city. However, the aim of the increase is to encourage empty properties to be brought back into use. The reduction of unoccupied properties will have a positive impact for the city by increasing the number of homes available in the sale/let market.

As part of the Scottish Government's consultation exercise, an Equality Impact Assessment was completed. This concluded that the legislation would not be expected to lead to negative impacts on any particular group.

7. MANAGEMENT OF RISK

The aim of the legislation is to encourage owners of long term empty properties to be brought back into the market place for sale or rent. However, there is a risk that owners will try avoid additional payments without bringing the property back into use.

Where the legislation is successful and properties are brought back into use this will reduce the revenue provided for affordable housing, e.g. the 40% of council tax on long term empty properties.

8. BACKGROUND PAPERS

The Local Government Finance (Unoccupied Properties etc) (Scotland) Act 2012

The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013

8. REPORT AUTHOR DETAILS

Wayne Connell, Revenues and Benefit Manager
waynec@aberdeencity.gov.uk,
(01224) 346868

Type of Property	Position	0 – 6 Months	7 – 12 Months	12 – 24 Months	24 +Months
Unoccupied and Unfurnished	**Current Position**	No charge is made	50% discount	10% discount	10% discount
	Legislation Allows	No charge is made	10 – 50% discount	50% discount – 100% increase	50% discount – 100% increase
	Proposed Position	No charge is made	10% discount	100% increase	100% increase
Unoccupied and Furnished	**Current Position**	10% discount	10% discount	10% discount	10% discount
	Legislation Allows	10 – 50% discount	10 – 50% discount	50% discount – 100% increase	50% discount – 100% increase
	Proposed Position	10% discount	10% discount	100% increase	100% increase
Second Home	**Current Position**	10% discount	10% discount	10% discount	10% discount
	Legislation Allows	10 – 50% discount	10 – 50% discount	10 – 50% discount	10 – 50% discount
	Proposed Position	10% discount	10% discount	10% discount	10% discount
Home undergoing Major Repairs *	**Current Position**	No charge is made	No charge is made	50% discount for 6 months then 10%	10% discount
	Legislation Allows	No charge is made	No charge is made	50% discount – 100% increase	50% discount – 100% increase
	Proposed Position	No charge is made	No charge is made	100% increase	100% increase

Unoccupied and Unfurnished and for let/sale	**Current Position**	No charge is made	50% discount	10% discount	10% discount
	Legislation Allows	No charge is made	10 – 50% discount	50% discount – 100% increase	50% discount – 100% increase
	Proposed Position	No charge is made	10% discount	10% discount	100% increase

Unoccupied and Furnished and for let/sale	**Current Position**	10% discount	10% discount	10% discount	10% discount
	Legislation Allows	10 – 50% discount	10 – 50% discount	50% discount – 100% increase	50% discount – 100% increase
	Proposed Position	10% discount	10% discount	10% discount	100% increase

Job Related Dwelling and Holiday Homes	**Current Position**	50% discount
	Legislation Allows	50% discount
	Proposed Position	50% discount

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 4, 6, 8, 9 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 4, 6, 8, 9 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 4, 6, 8, 9 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6, 9 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 12 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 1 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank