Public Document Pack



To: All Members of the Council

Town House, ABERDEEN, 7 December 2010

COUNCIL MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY**, **15 DECEMBER 2010 at 10.30 am**.

JANE G. MACEACHRAN HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

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

MINUTES OF COUNCIL

- 4(a) Minute of Meeting of Council of 6th October 2010 for approval (circulated separately)
- 4(b) Minute of Special Meeting of Council of 6th October 2010 for approval (circulated separately)
- 4(c) <u>Minute of Special Meeting of Council of 2nd November 2010 for approval</u> (circulated separately)

MINUTES OF STANDING COMMITTEES

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

BUSINESS STATEMENT AND OTHER MINUTES

- 6(a) Business Statement (Pages 1 6)
- 6(b) Minute of Meeting of Appointment Panel of 18th November 2010 for approval (Pages 7 8)

GENERAL BUSINESS

- 7(a) <u>Leadership Board Update Oral Report by Chief Executive</u>
- 7(b) Polling Districts and Polling Places Review Report by Chief Executive (Pages 9 22)
- 7(c) Convener and Vice Convener Appointments
 - Councillor McCaig proposed as Convener of Education, Culture and Sport Committee following the resignation of Councillor May
 - Councillor John West proposed as Vice Convener of Enterprise, Planning and Infrastructure Committee, and Vice Convener of Development Management Sub Committee, in place of Councillor McCaig
 - Councillor Noble proposed as Vice Convener of Corporate Policy and Performance Committee in place of Councillor John West
- 7(d) Membership of Licensing Board appointment of Councillor Collie following the resignation of Councillor Young
- 7(e) Board of Sport Aberdeen approval of preferred candidates
- 7(f) Annual Audited Accounts 2009/10 (Pages 23 88)
 - (i) Decision of Audit and Risk Committee of 23rd November 2010
 - (ii) Report to those charged with Governance on the Audit of Aberdeen City Council 2009/10 Report by Henderson Loggie
 - (iii) Report to Members and the Controller of Audit 2009/10 Report by Henderson Loggie
 - (iv) Audited Annual Accounts 2009/10 (circulated under separate cover)
- 7(g) <u>Business Plan 2011/12 to 2015/16 Report by Director of Corporate Governance referred by Finance and Resources Committee of 2nd December 2010</u> (Pages 89 172)

QUESTIONS

For the avoidance of doubt, one supplementary question, limited to clarifying any answer given, may be asked by the original questioner and one further supplementary question may be asked by one other member.

8(a) Councillor Farquharson (Pages 173 - 174)

To the Leader of the Council

How can you justify the actions of yourself and other Administration Councillors in intervening in the selection process for Council internal and external positions specifically designated for Opposition Councillors? Do you not accept that these appointments should be made by Opposition votes alone or by drawing lots in the event of a tied vote?

Do you not agree that the Administration intervention is a serious breach of democracy and on a personal level is misuse of authority and power?

Councillor Farquharson has requested that the above questions be placed on the agenda, in terms of Standing Order 20(2)(i), as the Leader of the Council has made no reference in his response to his reason for voting in the case of the position of Vice Convener of the Audit and Risk Committee at Council on 18th August 2010. Councillor Farquharson has stated that he would like the Leader of the Council to address this issue by way of a supplementary question in terms of Standing Order 20(5).

8(b) Councillor Leslie (Pages 175 - 176)

To the Chief Executive

- (1) When did Oakbank School receive a loan from Aberdeen City Council?
- (2) How much was the loan?
- (3) How long was the repayment period over?

Councillor Leslie has requested that the above questions be placed on the agenda, in terms of Standing Order 20(2)(i), as he requires a more detailed response and would like the opportunity to ask a supplementary question in terms of Standing Order 20(5).

8(c) Councillor Young (Pages 177 - 180)

(1) To ask the Chief Executive what steps she has taken to protect the Council Tax payers and citizens of Aberdeen as 100% stock holder in Aberdeen Exhibition and Conference Centre (AECC) following the Council decision back in February 2010 and reinforced in August 2010 that Council only completes the necessary support documentation required to convert the existing £2million Loan Facility into preference shares, on appropriate terms, and extend the repayment date of the £7.5million Loan Facility to 17th May 2017, given that it was subject to AECC replacing three of their current elected member Board members with three new non-elected member Board members to be appointed following external advertisement and appointing a non-elected member chairperson, as agreed by Council in February 2010.

Can the Chief Executive confirm what support, if any, has been given to the AECC between the decision taken in February 2010 and today and can the Chief Executive confirm that under no circumstances, will this Council provide support to the AECC until its current Chairperson demits office as agreed at Council in February 2010 and reinforced in August 2010 and appoints 3 independent Board members?

- (2) To ask the Chief Executive when she was interviewed for the article in the Holyrood magazine of 1st November 2010, was it before or after the Education, Culture and Sport meeting of 28th October?
- (3) To ask the Chief Executive to confirm how many meetings the Chief Executive or her officials have had with Sir Ian Wood or his representatives and the anonymous donator or his/her representatives since the last Council meeting in order to finalise the £50million and £5million gift donation with regard to the Union Terrace Gardens project and to further ask the Chief Executive to confirm when the legal documents confirming the £50million and the £5million donation will be ready for signature by both the donators and the City Council?
- (4) To ask the Convener of Housing and Environment what plans if any the Council has to upgrade the bathrooms, replace the windows and cut down and maintain the trees at "Hamewith" Sheltered Housing complex in the Bridge of Don?

Councillor Young has requested that the above questions be placed on the agenda in terms of Standing Order 20(2)(i).

Councillor Young has stated that the first question has not been answered to his satisfaction given that the decision to remove Councillor Fletcher as Chairperson of the AECC Board, and appoint 3 new Board members, was initially taken in February long before the decision was taken not to support the hotel project.

In regard to the remaining questions, Councillor Young has stated that he requires a more detailed response as parts of the questions have not been answered to his satisfaction.

- (1) To ask the Chief Executive what is the Council's policy/protocol regarding Councillors attending tours of the Town House when a school from their electoral ward area is visiting?
- (2) To ask the Chief Executive why when Kingsford Primary School visited for two tours of the Town House on 29th September, the first tour was hosted by one local member who is part of the Administration with the second hosted by the other local Councillor who is also a member of the Administration, but as the third local Councillor and member of the Opposition, and previous Council Leader, I was not invited?
- (3) To ask the Convener of Enterprise, Planning and Infrastructure how much in monetary terms has been spent on consultants and other work in the Business Improvement District (BID) to date?
- (4) To ask the Convener of Enterprise, Planning and Infrastructure what progress has been made on the BID so far?

Councillor Ironside has requested that the above questions be placed on the agenda, in terms of Standing Order 20(2)(i), as they have not been answered to his satisfaction.

MOTIONS

9(a) Councillor Young

"This Council congratulates Prince William and Kate Middleton on their Royal engagement and asks the Council to celebrate this joyous event in an appropriate fashion."

9(b) Councillor Donnelly

"Aberdeen Conservatives Group on Aberdeen City Council congratulate Prince William and Kate Middleton on their engagement and wish them all the happiness for the future."

9(c) Councillor Leslie

"That it be remitted to the Enterprise, Planning and Infrastructure Committee to investigate putting in place traffic calming measures on a blind bend on Jesmond Avenue, Bridge of Don."

9(d) Councillor Young

"That this Council investigates the need for a pedestrian crossing to be situated at Scotstown Road directly across from Scotstown School to enable children of all ages and other member of the Bridge of Don community to safely cross what is now becoming an extremely busy road."

BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE

10(a) Questions from Councillor Leslie (Pages 183 - 184)

To the Chief Executive

- (1) How much is there still owed to the Council by Oakbank School in relation to the loan?
- (2) When was the last payment made to the Council by Oakbank?

Councillor Leslie has requested that the above questions be placed on the agenda, in terms of Standing Order 20(2)(i), as he requires a more detailed response and would like the opportunity to ask a supplementary question in terms of Standing Order 20(5).

- 10(b) 50m Pool Progress Report Report by Director of Enterprise, Planning and Infrastructure (Pages 185 192)
- 10(c) <u>Security Services in Mainstream Multi Storey Blocks Report by Director of</u> Housing and Environment (Pages 193 - 212)
- 10(d) Review of Governance and Operational Procedures Aberdeen Exhibition and Conference Centre Internal Audit Report (Pages 213 256)
- 10(e) Future Funding and Development of AECC Report by Director of Enterprise, Planning and Infrastructure referral from Finance and Resources Committee of 2nd December 2010 (Pages 257 270)
- 10(f) Bon Accord Indoor Bowling Centre Report by Director of Enterprise, Planning and Infrastructure referred by Finance and Resources Committee of 2nd December 2010 (Pages 271 288)
- 10(g) <u>Business Plan Workforce Reduction and Options Report by Director of Corporate Governance referred simpliciter by Finance and Resources Committee of 2nd December 2010 (Pages 289 294)</u>

Website Address: www.aberdeencity.gov.uk

Should you require any further information about this agenda, please contact Martyn Orchard, tel. (52)3097 or email morchard@aberdeencity.gov.uk



COUNCIL

BUSINESS STATEMENT

15th DECEMBER 2010

		Agenda Item 6(a
Report Expected (if known)	15.12.10	· ·
Report Due	24.03.10	
<u>Lead</u> <u>Officer(s)</u>	Director of Enterprise, Planning and Infrastructure (Report to come from Aberdeen Sports Village)	
.	Tender documents are programmed to be issued in November 2010 with a return date of February 2011. The design is continuing to proceed on a twin track basis, with both the 8 lane and 10 lane options being tendered. The additional design work involved in the twin track approach is being funded by Aberdeen University. Following a detailed evaluation exercise five contractors have now been selected to tender for the project.	The application for Planning Consent for the development was submitted on 19 th July 2010. A revised draft of the Transfer Agreement Document, which will formalise the transfer of responsibility for the procurement phase of the project to Aberdeen Sports Village, has been produced by the Council's legal advisers. This document has been issued to Aberdeen Sports Village and Aberdeen University for their
Committee Decision	50m Swimming Pool The Council approved a number of recommendations regarding design and procurement issues relating to the 50m Pool. The Council agreed that the management of the project be transferred to Aberdeen Sports Village subject to (a) the provision of further legal and financial advice in respect of any potential risks to the Council; and (b) the other partners confirming their financial contribution to the project.	The Council requested that Aberdeen Sports Village provide the Council with a report within four months on how they planned to drive the project forward.
Minute Reference	Council 16.12.09 Article 19	
No.	- Page 1	

`	. 1	

Report Expected (if known)		15.12.10
Report Due		15.12.10
<u>Lead</u> <u>Officer(s)</u>		Chief Executive
<u>Update</u>	comments prior to the issue of the final agreement. At the Council meeting on 6 th October 2010, the Director of Enterprise, Planning and Infrastructure was instructed to submit a report to the next meeting on 15 th December 2010. A report is on the agenda.	A report is on the agenda.
Committee Decision		Evecutive, and her Directors, to make all necessary arrangements, including the commencement of a priority based budgeting approach, to achieve a balanced budget for 2011/12 and future years, which would include stakeholder consultation, to bring forward a costed five-year business plan for the Council for the period 2011-2016, and that this plan be brought to the Council in time for it to inform the decisions to be taken on the budget proposals for 2011/12 which would be considered in December 2010.
Minute Reference		Council 11.02.10 Article 2
O		Page 2

^	^
٠.	

Report Expected (if known)		
Report Due	23.02.10	(Either Council or EP&I Committee)
Lead Officer(s)	Director of Enterprise, Planning and Infrastructure Project Director, Economic and Business Development	Director of Enterprise, Planning and Infrastructure Project Director, Economic and Business Development
<u>Update</u>		A report is on the agenda.
Committee Decision	The City Garden Project - Next Steps The Council agreed to receive quarterly progress reports on the matter.	Future Funding and Development of AECC The Council resolved:- (i) to reaffirm its decision of 10 th February 2010, to authorise the Director of Enterprise, Planning and Infrastructure, the Head of Legal and Democratic Services and the Head of Finance to complete the necessary documentation required to convert the existing £2million Loan Facility into preference shares, on appropriate terms, and to extend the repayment date of the £7.5million Loan Facility to 17 th May 2017, subject to AECC replacing three of their current elected member Board members to be appointed following external advertisement and appointing a
Minute Reference	Council 30.06.10 Article 16	Council 18.08.10 Article 17
No.	က်	Page 3

コ	
-	

No.	Minute Reference	Committee Decision	<u>Update</u>	<u>Lead</u> Officer(s)	Report Due	Report Expected (if known)
		non-elected member chairperson, as agreed by Council in February				
		2010, and that the remaining five				
		elected member board members be replaced by five elected				
		_				
		Administration members and two				
		Opposition members, and that the				
		new Board be in place by 31st October 2010:				
		(ii) to not approve the proposed				
		operational and financial structure				
		of AECC's current planned hotel				
P		development and, in the process,				
aç		accept that this would require				
је		AECC to write off costs				
4		associated with realising a hotel				
		development, totalling £2.3million;				
		(iii) to agree to provide AECC with a				
		grant of £568,000 to mitigate the				
		ediate cash-flow implica				
		to write off				
		ed to date. These o				
		relate to professional fees				
		led Will life				
		legal financial investment and				
		technical documentation				
		connected with AECC's efforts to				
		realise a new four start hotel				
		development, ensuring that AECC				
		received the grant timeously, and				
		instruct that AECC provide the				
		Council's Enterprise, Planning				
		and illiastructure committee,				

	-
•	٠

ı,		_
(
٦	_	_

N	Minute Reference	Committee Decision	<u>Update</u>	<u>Lead</u> <u>Officer(s)</u>	Report Due	Report Expected (if known)
Page 6		to deliver the required expansion facilities required by Reed Exhibitions, in such a way that any financial contribution the Council may decide to make towards these facilities, can be made as part of the Council's capital programme; (vi) instruct officers to continue their efforts to deliver a four start hotel development adjacent to AECC, to enhance AECC's future business potential; realise value from land adjacent to AECC by investigating the possibility of creating a large-scale development proposal, in partnership with private sector developers; and find an alternative mechanism to remove AECC's debt burden; (vii) instruct that reports be submitted to the Enterprise, Planning and Infrastructure Committee and/or the Finance and Resources Committee each cycle; and (viii) to authorise the Council Leader to release a press statement on the outcome of the matter.				(if known)

APPOINTMENT PANEL

ABERDEEN, 18 NOVEMBER, 2010. - Minute of Meeting of the APPOINTMENT PANEL. <u>Present</u>:- Lord Provost Stephen, <u>Chairperson</u>; and Councillors Adam, Dean, Hunter, McCaig, Malone, John Stewart, Kevin Stewart, John West and Wisely. <u>Officers in Attendance</u>:- Sue Bruce, Ewan Sutherland, and Vikki Cuthbert. <u>Also in Attendance</u>:- Ken Dalgleish, Munro Consulting; and Domenico D'Ambruoso and Michelle Shek (part of the meeting).

EXEMPT INFORMATION

The Panel resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public from the meeting so as to avoid disclosure of exempt information of the class described in paragraph 1 of Schedule 7(A) to the Act.

MINUTE OF PREVIOUS MEETING

1. The Panel had before it the minute of its meeting of 9 November, 2010.

With reference to Article 2 of the minute, the Chief Executive advised the Panel that, for operational reasons, the arrangements for cover for the post of Chief Executive would be in reverse order to those previously discussed.

The Panel resolved:-

to approve the minute, and to note the revised arrangements for cover for the post of Chief Executive until the successful candidate was in place.

POST OF CHIEF EXECUTIVE

2. With reference to the minute of its meeting of 9 November, 2010, the Appointment Panel met to interview candidates for the post of Chief Executive.

The Panel interviewed the candidates who had been short-leeted for the post, following which the outcomes of the full range of assessment information relevant to each applicant were considered.

The Panel resolved:-

- (i) to offer the post of Chief Executive to V. Watts subject to satisfactory checks being undertaken, including references;
- (ii) that the post be offered to the candidate second preferred in the event that the preferred candidate was not appointed; and
- (iii) that the Chief Executive make arrangements to announce the successful candidate at the appropriate time, this to be determined by the checks referred to at (i) above.
- LORD PROVOST STEPHEN, Chairperson.

Agenda Item 7(b)

ABERDEEN CITY COUNCIL

COMMITTEE Council

DATE 15 December 2010

LEAD OFFICER Chief Executive

TITLE OF REPORT Polling Districts and Polling Places Review

REPORT NUMBER: OCE/10/022

PURPOSE OF REPORT

Section 16 of The Electoral Administration Act 2006 requires each Local Authority to conduct a review of polling districts and polling places for use at parliamentary elections, every four years. In doing so the Local Authority must ensure reasonable facilities for voting and that polling places are accessible to all electors, including voters with a disability, so far as is practicable.

The review that has been undertaken also takes account of learning from recent elections, changes in circumstances and the needs of the elections to be held in 2011.

At the Council meeting of 6 October 2010, the Council agreed the recommended changes to polling districts and polling places as outlined in the report to that meeting. In addition, the Council agreed to proceed with public consultation. The purpose of this report is to gain the final approval of the Council for the list of polling districts and polling places, following public consultation.

2. RECOMMENDATION

That the Council approves the attached list of polling districts and polling places.

3. FINANCIAL IMPLICATIONS

None.

4. OTHER IMPLICATIONS

The recommendation in this report has implications for the use of some Council buildings on Polling Day.

5. BACKGROUND/MAIN ISSUES

Following approval by the Council on 6 October 2010, public consultation was undertaken on proposed changes to a number of polling districts resulting from proposed changes in Scottish Parliamentary constituency boundaries. In addition changes were proposed to the polling place used for a number of districts. The consultation was advertised in the local press and on the Council website. Consultation was also undertaken with the Disability Advisory Group and Community Councils.

The deadline for comments to be received, through the public consultation exercise, was Wednesday 24 November and one was received. As a result of this representation and following consultation with the local members, there is one further recommendation for changes to polling places to be added to those detailed in the report approved by the Council on 6 October 2010.

Additional recommendation to changes to polling places to be added to those detailed in the report approved by the Council on 6 October 2010

Polling District	Polling Place for Parliamentary Elections May 2010	Recommended Polling Place for Parliamentary Elections 2011	Explanation of Changes
CN0808 (Castlehill South)	St Andrew's Cathedral	Aberdeen Citadel (Salvation Army Building)	Concern was expressed that awareness of the location of St Andrew's Cathedral was low and that this negatively impacted on turnout. Aberdeen Citadel (Salvation Army Building) provides a suitable alternative.

The final list of recommended polling districts and polling places is attached to this report.

6. IMPACT

Strengthening local democracy is a vital strand of the Council's Community Plan. When identifying suitable polling places the aim is to put the interest of voters first and to ensure equality of access. The Returning Officer has a statutory duty to encourage electoral participation and selection of appropriate polling places is an important part of this.

Consultation has taken place with Disability Groups and Community Councils.

7. BACKGROUND PAPERS

Polling Districts and Polling Places Review, report to the Council Meeting of 6 October 2010.

8. REPORT AUTHOR DETAILS

David Gow Team Manager (Civic Support)

davidgow@aberdeencity.gov.uk

Telephone: 01224 (52)3881

POLLING DISTRICTS AND POLLING PLACES REVIEW - PROPOSED POLLING DISTRICTS AND POLLING PLACES

CHANGES FROM THE MAY 2010 POLLING SCHEME ARE LISTED IN BOLD

The undernoted Polling Districts and Polling Places have been identified for use at Parliamentary Elections. It is proposed that they should also be used for all other types of election.

Polling District Code	Polling District Code Pollina District Name	Electorate at Polling Place for Parliamentary Elections June 2010 May 2010	Polling Place for Parliamentary Elections 2011	Explanation of Changes
ABERDEEN NORTH	NORTH			
DN0104	Newhills	1162 Newhills Primary School	Newhills Primary School	
DN0108	Bucksburn	1597 Bucksburn Primary School	Bucksburn Primary School	
				In order to move what is a small polling
				district to a more convenient location. It also moves the district to an existing nolling place
				which is in the same proposed Scottish
DN0109	Mugiemoss	269 Riverbank Primary School	Danestone Primary School	Parliament constituency. (Aberdeen Donside)
DN0209	Bridge of Don	1823 Balgownie Community Centre	Balgownie Community Centre	
DN0301	Kingswells Central	975 Kingswells Community Centre	Kingswells Community Centre	
DN0302	Kingswells North	2318 Kingswells Community Centre	Kingswells Community Centre	
DN0303	Sheddocksley East	1966 Kingsford Primary School	Kingsford Primary School	
DN0304	Sheddocksley West	1714 Sheddocksley Community Centre	Sheddocksley Community Centre	
DN0305	Summerhill North	1317 Muirfield Primary School	Muirfield Primary School	
				The Summerhill Centre is no longer
DN0307	Whitemyres	599 The Summerhill Centre	Sheddocksley Baptist Church	provides a suitable alternative.
DN0309	Denwood		Sheddocksley Baptist Church	As above for Whitemyres.
DN0310	Summerhill Central	1294 The Summerhill Centre	Sheddocksley Baptist Church	As above for Whitemyres.
				The proposed new Scottish Parliamentary boundaries allow for merging the very small polling district of DN0311 with DN0310. The new district will be called DN0310
DN0311	Summerhill Endrick	Fernielea Primary School	Sheddocksley Baptist Church	(Summerhill Central).
DN0401	Springhill North	1878 Heathryburn School	Heathryburn School	
DN0402	Heathryfold	925 LP Henry Rae Community Centre	LP Henry Rae Community Centre	
9	7 1 2 2 7 17 17 18 18			Manor Park School is replacing Smithfield
DN0403	Middlerield	1027 North Filmery School	Manor Park School	Frimary.
DN0404	Byron		Northfield Comminity Centre	
DN0406	Cummings Park		Cummings Park Community Centre	
DN0407	Mastrick West		Mastrick Community Centre	
DN0408	Mastrick East	2150 Quarryhill Primary School	Quarryhill Primary School	
DN0501	Hilton West	1519 Hilton Community Centre	Hilton Community Centre	
DN0502	Hilton East	1042 Hilton Community Centre	Hilton Community Centre	

DN0503	Woodside	1370/	1370 Woodside Community Centre	Woodside Community Centre	The proposed new Scottish Parliamentary boundaries split DN0503 and DN0504 in two. The northern sections of each will be called DN0503 (Woodside) and DN0504 (Hilton South) respectively. It is appropriate for voters in these polling districts to use the same polling places as previously.
DN0504	Hilton South	1595	1595 High Church Hilton	High Church Hilton	As above for Woodside.
DN0505	Rosehill	944 (944 Cairncry Community Centre	High Church Hilton	The proposed new Scottish Parliamentary boundaries split CN0505 in two. The northern part will be called DN0505. The previously used polling place is now in a different constituency. Therefore, it is appropriate that electors in this polling district vote at High Church Hilton.
CN0506	Stockethill	2232	2232 Cairncry Community Centre	Cairncry Community Centre	
CN0507	Cornhill	604		Cairncry Community Centre	The proposed new Scottish Parliamentary boundaries split polling district CN0505 in two. The southern part of what was CN0505 will be a new polling district called CN0507 (Cornhill). Electors in this polling district will vote at Cairncry Community Centre.
CN0508	Kittybrewster	1041		Kittybrewster Primary School	The proposed new Scottish Parliamentary boundaries split polling districts CN0503 and CN0504 in two. The southern sections of both are to be combined and called CN0508 (Kittybrewster). Electors in this polling district are to vote at Kittybrewster Primary School.
CN0601	Tillydrone	2429	2429 Riverbank Primary School	Riverbank Primary School	
CN0602	Don	2031	2031 St Ninian's Church	Seaton Primary School	St Ninian's Church was used whilst Seaton Primary School was being refurbished. It is appropriate that voters in these polling districts now vote at Seaton Primary School.
CN0603	Seaton North	2151	St Ninian's Church	Seaton Primary School	As above for Don.
CN0604	St Machar	2959	2959 St Machar Academy	St Machar Academy	
9090	441100 000000	7707	ما مست کی ادام تام بادا	C+ Manufa Church King Stroot	Linksfield Campus is no longer available. St Mary's Church provides a suitable
CN0606	Pittodrie North	14001	1400 Pittodrie Community Centre	Pittodrie Community Centre	alternative.
CN0701	Raeden	1133	Midstocket Parish Ćhurch	Midstocket Parish Church	

	200000000000000000000000000000000000000			
CN0703	Ashgrove	1189 Ashgrove Children's Centre	Ashgrove Children's Centre	
CN0704	Berryden	1889 Skene Square Primary School	Skene Square Primary School	
CN0801	Calsayseat	684 Catherine Street Community Centre	Catherine Street Community Centre	
CN0802	Sunnybank	2336 Sunnybank Primary School	Sunnybank Primary School	
CN0803	Mounthooly	2013 Catherine Street Community Centre	Catherine Street Community Centre	
CN 0805	St. Nicholas	2142 Seamount Court Tenants' Room	St Margaret's Church Hall	Seamount Court cannot accommodate the number of polling stations which may be required at future elections whilst ensuring disabled access. St Margaret's Church Hall provides a suitable alternative.
CN0806	Pittodrie South	1387 Hanover Community Centre	Hanover Community Centre	
CN0807	Castlehill North	2067 Hanover Community Centre	Hanover Community Centre	
CN0808	Castlehill South	1056 St Andrew's Cathedral	Aberdeen Citadel (Salvation Army Building)	Concern was expressed that awareness of the location of St Andrew's Cathedral was low and that this negatively impacted upon turnout. Aberdeen Citadel (Salvation Army Building) provides a suitable alternative.
SN1002	Craigden	21 Hazlehead Primary School	Hazlehead Primary School	
SN1003	Summerhill South	811 Fernielea Primary School	Fernielea Primary School	
SN1004	Fernielea	Fernielea Primary School	Fernielea Primary School	The proposed new Scottish Parliamentary boundaries allow for merging the very small polling district of SN1004 with SN1003. The new district will be called SN1003 (Summerhill South).
CN1005	Hamilton	286 St Mary's Episcopal Church	St Mary's Episcopal Church	
CN1202	CN1202 Palmerston	29 Ferryhill Community Centre	Ferryhill Community Centre	
DS0306	Kingswells South	12 Kingswells Community Centre	Kingswells Community Centre	
DS0308	Woodend	166 The Summerhill Centre	Sheddocksley Baptist Church	The Summerhill Centre is no longer available. Sheddocksley Baptist Church provides a suitable alternative.
CS0705	Gilcomston North	1681 Rosemount Community Ed. Centre	Rosemount Community Ed.Centre	
CS0706	Gilcomston South	2709 St Mary's Cathedral Hall	St Mary's Cathedral Hall	
CS0804	Woolmanhill	926 Catherine Street Community Centre	Catherine Street Community Centre	
SS0901	Peterculter West	2647 St Peter's Heritage Centre	St Peter's Heritage Centre	
SS0902	Peterculter East	1037 Peterculter Sports Centre	Peterculter Sports Centre	
SS0903	Milltimber	2029 Milltimber Community Hall	Milltimber Community Hall	
SS0904	Bieldside	2257 St Devenick's Church Hall	St Devenick's Church Hall	
SS0905	Cults West	1857 Cults East Church - Outreach Centre	Cults East Church - Outreach Centre	
906088	Cults East	1452 Cults East Church - Outreach Centre	Cults East Church - Outreach Centre	
SS1001	Hazlehead	2202 Hazlehead Primary School (NEW)	Hazlehead Primary School (NEW)	

CS1004	Rubislaw	2436 St Mary's Episcopal Church	St Mary's Episcopal Church	
SS1006	Craigiebuckler	1272 Craigiebuckler Church Hall	Craigiebuckler Church Hall	
SS1007	Seafield	2081 Airyhall Community Centre	Airyhall Community Centre	
CS1008	Harlaw	1611 Queen's Cross Church - Session Room	Queen's Cross Church - Session Room	
584009	Cromwell	817 Ashlav Road Primary School	Holhum West Church	There have been requests from the local community to find an alternative to Ashley Road Primary School. Holburn West Church Invovides a suitable alternative
CS1010	Ashlev	2041 Ashley Road Primary School	Holburn West Church	As above for Cromwell.
SS1101	Braeside	1562 Temporary Kaimhill School (Braeside Place)	Temporary Kaimhill School (Braeside Place)	
SS1102	Mannofield	1339 Mannofield Church Hall	Mannofield Church Hall	
SS1103	Broomhill West	1571 Mannofield Church Centenary Hall	Mannofield Church Centenary Hall	
CS1104	Broomhill East	2671 Broomhill Primary School	Broomhill Primary School	
SS1105	Deeside	451 St Francis Church Hall	St Francis Church Hall	
SS1106	Garthdee	1641 Inchgarth Community Centre	Inchgarth Community Centre	
SS1107	Kaimhill	1768 Inchgarth Community Centre	Inchgarth Community Centre	
CS1108	Ruthrieston	646 Ruthrieston Community Centre	Ruthrieston Community Centre	
CS1201	Bon-Accord	1490 Ferryhill Community Centre	Ferryhill Community Centre	
CS1203	Ferryhill	1814 Ferryhill Community Centre	Ferryhill Community Centre	
CS1204	Gairn	2195 South Holburn Church	South Holburn Church	
CS1205	Duthie	1850 Ferryhill Church Hall	Ferryhill Church Hall	
SS1206	Torry West	2232 Torry Youth and Leisure Centre	Torry Youth and Leisure Centre	
SS1207	Torry East	1384 Torry Community Centre	Torry Community Centre	
SS1208	Balnagask East	2079 Tullos New Community School	Tullos New Community School	
SS1209	Balnagask West	588 Balnagask Community Centre	Balnagask Community Centre	
SS1301	Abbotswell	1433 Abbotswell Primary School	Abbotswell Primary School	
SS1302	Kincorth	1460 Kincorth Community Centre	Kincorth Community Centre	
SS1303	Tullos	1122 Altens Community Centre	Altens Community Centre	
SS1304	Craighill	2244 Abbotswell Primary School	Abbotswell Primary School	
SS1305	Nigg	1052 Kincorth Community Centre	Kincorth Community Centre	
581306	Loirston	2803 pireton Primary School	I nireton Anneve	There have been requests from the local community to find an alternative to Loirston Primary School. Loirston Annexe provides a suitable afternative
551305	2000	1760 oireton Brimary School	Louiston Amovo	As above for Loireton
The undernot	ted Polling Places have bee	The undernoted Polling Places have been identified by the Returning Officer for the Gordon Parliamentary Constituency for use at Parliamentary Elections. It is proposed that they should also be used for the respective polling districts in the Aberdeen Donside Scottish Parliamentary Constituency and for Aberdeen City Council Wards.	LOUISTOIL AURILEAGE LOUISTOIL AURILEAGE	Elections. It is proposed that they should also
				Disabled access at Dyce Primary School is problematic. Dyce Church Hall and Dyce
				Church - Dr Cox Room provide suitable
				alternatives. Both of these polling places are
DG0101	Kirkhill	1875 Dvce Primary School	Dyce Church Hall	required in order to accommodate the number of stations required.
DG0102	Dyce North	1146 Dyce Primary School	Dyce Church - Dr Cox Room	As above for Kirkhill.
DG0103	Dyce South	1521 Dyce Primary School	Dyce Church Hall	As above for Kirkhill.

DG0105	Stoneywood	1051 Stoneywood Primary School	Stoneywood Primary School
DG0106	Danestone North	1104 Danestone Primary School	Danestone Primary School
DG0107	Bankhead	1908 Beacon Community Centre	Beacon Community Centre
DG0110	Danestone South	2179 Danestone Primary School	Danestone Primary School
DG0201	Jesmond	2240 Forehill Primary School	Forehill Primary School
DG0202	Mundurno	1394 Greenbrae Primary School	Greenbrae Primary School
DG0203	Newburgh	1352 Glashieburn Primary School	Glashieburn Primary School
DG0204	Greenbrae	905 Greenbrae Primary School	Greenbrae Primary School
DG0205	Middleton	1742 Middleton Park Primary School	Middleton Park Primary School
DG0206	Parkway North	1847 Middleton Park Primary School	Middleton Park Primary School
DG0207	Balgownie	2115 Braehead Primary School	Braehead Primary School
DG0208	Silverburn	771 Balgownie Community Centre	Balgownie Community Centre

berdeen Donside		
olling District Code	Polling District Name	Polling Place
DG0101	KIRKHILL	DYCE CHURCH HALL
DG0102	DYCE NORTH	DYCE CHURCH - DR COX ROOM
DG0103	DYCE SOUTH	DYCE CHURCH HALL
DN0104	NEWHILLS	NEWHILLS PRIMARY SCHOOL
DG0105	STONEYWOOD	STONEYWOOD PRIMARY SCHOOL
DG0106	DANESTONE NORTH	DANESTONE PRIMARY SCHOOL
DG0107	BANKHEAD	BEACON COMMUNITY CENTRE
DN0108	BUCKSBURN	BUCKSBURN PRIMARY SCHOOL
DN0109	MUGIEMOSS	DANESTONE PRIMARY SCHOOL
DG0110	DANESTONE SOUTH	DANESTONE PRIMARY SCHOOL
DG0201	JESMOND	FOREHILL PRIMARY SCHOOL
DG0202	MUNDURNO	GREENBRAE PRIMARY SCHOOL
DG0203	NEWBURGH	GLASHIEBURN PRIMARY SCHOOL
DG0204	GREENBRAE	GREENBRAE PRIMARY SCHOOL
DG0205	MIDDLETON	MIDDLETON PARK PRIMARY SCHOOL
DG0206	PARKWAY NORTH	MIDDLETON PARK PRIMARY SCHOOL
DG0207	BALGOWNIE	BRAEHEAD PRIMARY SCHOOL
DG0208	SILVERBURN	BALGOWNIE COMMUNITY CENTRE
DN0209	BRIDGE OF DON	BALGOWNIE COMMUNITY CENTRE
DN0301	KINGSWELLS CENTRAL	KINGSWELLS COMMUNITY CENTRE
DN0302	KINGSWELLS NORTH	KINGSWELLS COMMUNITY CENTRE
DN0303	SHEDDOCKSLEY EAST	KINGSFORD PRIMARY SCHOOL
DN0304	SHEDDOCKSLEY WEST	SHEDDOCKSLEY COMMUNITY CENTRE
DN0305	SUMMERHILL NORTH	MUIRFIELD PRIMARY SCHOOL
DS0306	KINGSWELLS SOUTH	KINGSWELLS COMMUNITY CENTRE
DN0307	WHITEMYRES	SHEDOCKSLEY BAPTIST CHURCH
DS0308	WOODEND	SHEDOCKSLEY BAPTIST CHURCH
DN0309	DENWOOD	SHEDOCKSLEY BAPTIST CHURCH
DN0310	SUMMERHILL CENTRAL	SHEDOCKSLEY BAPTIST CHURCH
DN0401	SPRINGHILL NORTH	HEATHRYBURN SCHOOL
DN0402	HEATHRYFOLD	L P HENRY E RAE COMMUNITY CENTRE
DN0403	MIDDLEFIELD	MANOR PARK SCHOOL
DN0404	SPRINGHILL SOUTH	NORTHFIELD COMMUNITY CENTRE
DN0405	BYRON	NORTHFIELD COMMUNITY CENTRE
DN0406	CUMMINGS PARK	CUMMINGS PARK COMMUNITY CENTRE
DN0407	MASTRICK WEST	MASTRICK COMMUNITY CENTRE
DN0408	MASTRICK EAST	QUARRYHILL PRIMARY SCHOOL
DN0501	HILTON WEST	HILTON COMMUNITY CENTRE
DN0502	HILTON EAST	HILTON COMMUNITY CENTRE
DN0502	WOODSIDE	WOODSIDE COMMUNITY CENTRE
DN0504	HILTON SOUTH	HIGH CHURCH HILTON
DN0505	ROSEHILL	HIGH CHURCH HILTON

Aberdeen Central		
Polling District Code	Polling District Name	Polling Place
CN0506	STOCKETHILL	CAIRNCRY COMMUNITY CENTRE
CN0507	CORNHILL	CAIRNCRY COMMUNITY CENTRE
CN0508	KITTYBREWSTER	KITTYBREWSTER PRIMARY SCHOOL
CN0601	TILLYDRONE	RIVERBANK PRIMARY SCHOOL
CN0602	DON	SEATON PRIMARY SCHOOL
CN0603	SEATON NORTH	SEATON PRIMARY SCHOOL
CN0604	ST MACHAR	ST MACHAR ACADEMY
CN0605	SEATON SOUTH	ST MARY'S CHURCH KING STREET
CN0606	PITTODRIE NORTH	PITTODRIE COMMUNITY CENTRE
CN0701	RAEDEN	MIDSTOCKET PARISH CHURCH
CN0702	MIDSTOCKET	MIDSTOCKET PARISH CHURCH
CN0703	ASHGROVE	ASHGROVE CHILDEN'S CENTRE
CN0704	BERRYDEN	SKENE SQUARE PRIMARY SCHOOL
CS0705	GILCOMSTON NORTH	ROSEMOUNT COMMUNITY ED CENTRE
CS0706	GILCOMSTON SOUTH	ST MARY'S CATHEDRAL HALL
CN0801	CALSAYSEAT	CATHERINE ST COMMUNITY CENTRE
CN0802	SUNNYBANK	SUNNYBANK PRIMARY SCHOOL
CN0803	MOUNTHOOLY	CATHERINE ST COMMUNITY CENTRE
CS0804	WOOLMANHILL	CATHERINE ST COMMUNITY CENTRE
CN0805	ST NICHOLAS	ST MARGARET'S CHURCH HALL
CN0806	PITTODRIE SOUTH	HANOVER COMMUNITY CENTRE
CN0807	CASTLEHILL NORTH	HANOVER COMMUNITY CENTRE
CN0808	CASTLEHILL SOUTH	ABERDEEN CITADEL (SALVATION ARMY BUILDING)
CS1004	RUBISLAW	ST MARY'S EPISCOPAL CHURCH
CN1005	HAMILTON	ST MARY'S EPISCOPAL CHURCH
CS1008	HARLAW	QUEEN'S CROSS PARISH CHURCH
CS1009	CROMWELL	HOLBURN WEST CHURCH
CS1010	ASHLEY	HOLBURN WEST CHURCH
CS1104	BROOMHILL EAST	BROOMHILL PRIMARY SCHOOL
CS1108	RUTHRIESTON	RUTHRIESTON COMMUNITY CENTRE
CS1201	BON-ACCORD	FERRYHILL COMMUNITY CENTRE
CN1202	PALMERSTON	FERRYHILL COMMUNITY CENTRE
CS1203	FERRYHILL	FERRYHILL COMMUNITY CENTRE
CS1204	GAIRN	SOUTH HOLBURN CHURCH
CS1205	DUTHIE	FERRYHILL CHURCH HALL

Aberdeen South & North K		
Polling District Code	Polling District Name	Polling Place
SS0901	PETERCULTER WEST	ST PETER'S HERITAGE CENTRE
SS0902	PETERCULTER EAST	PETERCULTER SPORTS CENTRE
SS0903	MILLTIMBER	MILLTIMBER COMMUNITY HALL
SS0904	BIELDSIDE	ST DEVENICK'S CHURCH HALL
SS0905	CULTS WEST	CULTS EAST CHURCH OUTREACH CNTR
SS0906	CULTS EAST	CULTS EAST CHURCH OUTREACH CNTR.
SS1001	HAZLEHEAD	HAZLEHEAD PRIMARY SCHOOL
SN1002	CRAIGDEN	HAZLEHEAD PRIMARY SCHOOL
SN1003	SUMMERHILL SOUTH	FERNIELEA PRIMARY SCHOOL
SS1006	CRAIGIEBUCKLER	CRAIGIEBUCKLER CHURCH HALL
SS1007	SEAFIELD	AIRYHALL COMMUNITY CENTRE
SS1101	BRAESIDE	(TEMPORARY) KAIMHILL SCHOOL
SS1102	MANNOFIELD	MANNOFIELD CHURCH HALL
SS1103	BROOMHILL WEST	MANNOFIELD CHURCH CENTENARY HALL
SS1105	DEESIDE	ST FRANCIS CHURCH HALL
SS1106	GARTHDEE	INCHGARTH COMMUNITY CENTRE
SS1107	KAIMHILL	INCHGARTH COMMUNITY CENTRE
SS1206	TORRY WEST	TORRY YOUTH AND LEISURE CENTRE
SS1207	TORRY EAST	TORRY COMMUNITY CENTRE
SS1208	BALNAGASK EAST	TULLOS NEW COMMUNITY SCHOOL
SS1209	BALNAGASK WEST	BALNAGASK COMMUNITY CENTRE
SS1301	ABBOTSWELL	ABBOTSWELL PRIMARY SCHOOL
SS1302	KINCORTH	KINCORTH COMMUNITY CENTRE
SS1303	TULLOS	ALTENS COMMUNITY CENTRE
SS1304	CRAIGHILL	ABBOTSWELL PRIMARY SCHOOL
SS1305	NIGG	KINCORTH COMMUNITY CENTRE
SS1306	LOIRSTON	LOIRSTON ANNEXE
SS1307	COVE	LOIRSTON ANNEXE
SW1701	MARYCULTER	MARYCULTER COMMUNITY HALL
SW1702	BANCHORY DEVENICK	BANCHORY DEVENICK SCHOOL
SW1703	PORTLETHEN NORTH	PORTLETHEN JUBILEE HALL
SW1704	PORTLETHEN SOUTH	BOURTREE COMMUNITY HALL
SW1705	COOKNEY	COOKNEY PUBLIC HALL, NETHERLEY
SW1706	NEWTONHILL	THE BETTRIDGE CENTRE

DRAFT/

AUDIT AND RISK COMMITTEE

23rd NOVEMBER 2010

ANNUAL AUDITED ACCOUNTS 2009/10

The Committee had before it (1) a report by Henderson Loggie, External Auditor, to those charged with governance on the audit of Aberdeen City Council 2009/10; (2) a report by Henderson Loggie to members and the Controller of Audit 2009/10; and (3) the audited annual accounts for Aberdeen City Council for the period 1st April 2009 to 31st March 2010.

The Committee resolved:-

- to request officers to provide updates on progress with items contained within the action plan appended to the Report to Members and the Controller of Audit;
- (ii) to thank officers for the good work that was ongoing via the Corporate Asset Group in relation to the capital programme;
- (iii) to note that the Marischal College project was not in any way responsible for the approved capital programme for 2010/11 being unsustainable;
- (iv) to note that a report on the implications of the Hutton report on pensions would be submitted to the appropriate committee in due course; and
- (v) to note that these items would be referred to Council for formal approval at its meeting on 15th December 2010.



Aberdeen City Council

Report to those charged with Governance on the Audit of Aberdeen City Council

2009/10

External Audit Report No: 2010-04

Draft Issued: 29 September 2010

Final Issued: 30 September 2010



Contents

		Page
1. Introdu	ction and Status of the Audit	1
2. Matters	to be Reported to Those Charged with Governance	2 – 11
Appendix I	Independent auditors' report (proposed)	12 - 13
Appendix II	Audit adjustments	14 - 18
Appendix III	Definition of Materiality, Significance and Trivial	19
Appendix IV	Respective Responsibilities	20
Appendix V	Acronyms	21

Restriction on Use

This report has been prepared in accordance with our responsibilities under International Standards on Auditing and Audit Scotland's *Code of Audit Practice* for the audit of Aberdeen City Council's financial statements. Our audit does not necessarily disclose every weakness and for this reason the matters referred to in this report may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- this report has been prepared for the sole use of Aberdeen City Council and their Audit and Risk Committee and will be shared with the Accounts Commission and Audit Scotland
- no responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes



1. Introduction and Status of the Audit

Introduction

- 1. International Standard on Auditing (ISA) 260: **Communication of Audit Matters with Those Charged with Governance**, requires auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action to be taken prior to the issue of the audit certificate.
- 2. ISA 260 requires us to highlight:
 - the integrity and objectivity of the audit engagement partner and audit staff
 - the nature and scope of the audit, including any limitations, and the form of reports expected to be made
 - views about the selection of, or changes in, significant accounting policies and practices that have, or could have a material effect on the financial statements
 - the potential effect on the financial statements of any material risks and exposures that are required to be disclosed in the financial statements
 - audit adjustments that have a material effect on the financial statements
 - material uncertainties related to events and conditions that may cast significant doubt on the ability to continue as a going concern
 - any disagreements with management about matters that, individually or in aggregate, could be significant to the financial statements or our audit opinion
 - expected modifications to our audit report
 - material weaknesses in the accounting and internal control systems identified during the audit
 - matters specifically required by other auditing standards to be communicated and any other matter relevant to the audit.
 - unadjusted misstatements (other than those which are trivial)
- 3. We agreed with the management and Members of Aberdeen City Council (the Council) that the communications required under ISA 260 would be with the Convenor and Vice Convenor of the Audit and Risk Committee together with the Head of Finance.

Status of the Audit

- 4. Our work on the financial statements is now complete.
- 5. We attach at Appendix I our proposed unqualified auditors' report.

Next Steps

- 6. We are drawing these matters to the attention of the Convenor and Vice Convenor of the Audit and Risk Committee and the Head of Finance so that they can consider them before the financial statements are approved and certified.
- 7. We would like to take this opportunity to thank the Council's finance staff for their co-operation and assistance during our audit.



2. Matters to be Reported to Those Charged with Governance

Integrity and objectivity, nature and scope of the audit

- 8. Information on our audit appointment and details of the engagement partner and audit staff, and the nature and scope of the audit, were outlined in our **Risk Assessment**, **Annual Audit Plan and Fee Proposal for 2009/10** (Annual Plan), Report 2010-01 issued on 18 February 2010 and presented to the Audit and Risk Committee thereafter. Further information is provided in the Code of Audit Practice prepared by Audit Scotland.
- 9. As external auditors, we are required to communicate on a timely basis all facts and matters that may have a bearing on our independence. We provided no consultancy or non audit services to Aberdeen City Council during the year and can confirm that we have complied with the Auditing Practices Board Ethical Standard 1 Integrity, Objectivity and Independence. In our professional judgement the audit process has been independent and our objectivity has not been compromised.

Accounting policies and practices

- 10. In our opinion there are a number of issues that require to be brought to your attention regarding the appropriateness of the Council's accounting policies and practices.
- 11. A sum of £0.247 million has been recognised within the financial statements for income due from Scottish Water in respect of commission for amounts collected through Council Tax payments. As the Council has a 95% recovery rate for Council Tax payments, it has considered that any bad debt against this sum would be minimal. However, as the commission is only due on amounts collected, consideration should be given as to whether amounts should only be recognised when they are received, rather than recognising a Debtor on the Balance Sheet.
- 12. In the draft Housing Revenue Account (HRA), the rents income had been incorrectly reduced after the year-end by £0.531 million, as part of the housing rents reconciliation (final cash draw down). Following discussion with the Corporate Accounting Manager, we understand this figure represents additional Debtors (rent arrears) at the year-end not reflected in the financial statements. It is accepted that the bad debt provision may also require to be increased, however, a breakdown of the debtors accounts at 31 March 2010 is no longer available to allow an appropriate provision to be calculated. Although no adjustment has been made to the financial statements, this practice will be reviewed in 2010/11 to ensure that sufficient information is available to allow the correct treatment to be applied. (also see further comments on this at paragraph 51 under uncorrected misstatements).
- 13. The Council is required by legislation to set a license fee for Houses of Multiple Occupancy (HMO) that covers the costs of administering the licensing function. For 2009/10 the fees set generated a surplus higher than might reasonably be expected. The fees set also prompted a complaint to be made to Audit Scotland. The Council has reconsidered the fees set and has agreed to reduce fees and alter scales with effect from midnight on 28 September 2010. We are satisfied that the revised fees have been set at a level anticipated to cover costs without an unreasonable surplus being created. Going forward the Council should arrive at the fees to be charged with reference to budgeted costs and take into consideration any over or under recovery from the previous year.
- 14. In accordance with the Statement of Recommended Practice (SORP) requirements, the Council should treat land and buildings as separate components for valuation purposes and any downward revaluations should be taken to the Income and Expenditure Account as impairments. A material audit adjustment was agreed to correct errors in 2007/08 that had



been incorrectly taken to the Revaluation Reserve (see material audit adjustment No. 2 in Table 1)

- 15. In previous years we requested that the Council work to improve the quality of the information presented to us for audit. Guidance was issued by the Corporate Accounting Manager to all finance staff on "audit file structure, standard documentation and completion of working papers". We also issued our "Working Papers Requested List" detailing the information we required for each area of the audit. While a number of files received were fully referenced, with a clear audit trail, a number were difficult to follow and had information missing, which had to then be requested. The file content's quality was also not always sufficient to demonstrate that transactions were recorded correctly and were relevant and justified. Our Year-end Management Letter will provide specific details on these issues, incorporating an Action Plan for Management to address.
- 16. In previous years, we commented on the adequacy of the resources within the finance section to be able to maintain a robust financial system to produce accounts and other information which is both timely and accurate. As noted above, there remain a number of areas where the adequacy of resources should be considered. While the balance of appropriate staff numbers and relevant skill sets is an issue for management to address, we will discuss these areas with management and comment on the issue in our Report to Members.

Material risks and exposures

- 17. Our **Financial Statements Audit Plan**, Report 2010-02 issued on 27 May 2010 to the Head of Finance identified a number of material risks and exposures faced by the Council that may impact on the financial statements. Comments on these issues are included in the following paragraphs.
- 18. The Council made the appropriate SORP disclosures for the 3Rs PPP project. Some audit adjustments were made to the figures in the draft financial statements.
- 19. The Council made the appropriate SORP disclosures for pension fund liabilities.
- 20. Appropriate provision has been made for the equal pay claims still to be settled across the Council. The provision on the Balance Sheet for equal pay costs at 31 March 2010 amounts to £9.850 million, based on advice from the Council's legal advisors.
- 21. The Council made the appropriate SORP disclosures for Non Domestic Rates (NDR).
- 22. Within the Significant Trading Operations (STOs), Letting of Industrial, Commercial and other Properties has made a cumulative loss over the last three years. The Local Government in Scotland Act 2003 requires an authority to achieve a breakeven position over a rolling 3 year period. The fact that an accumulated loss has been sustained for this STO has been reported as a failure to comply within our audit report as an explanatory paragraph.
- 23. We expect to achieve the revised audit deadline of 1 October for the audit of the Whole of Government Accounts return. The return will need to be updated for the changes to the Council's financial statements and the Scottish Government has highlighted some issues in the draft return that will need to be resolved before the final audited return is submitted.
- 24. Work is ongoing to restate the 2009/10 financial statements on an International Financial Reporting Standards (IFRS) basis.



- 25. We have received an update of the action plan management developed to address the recommendations in our **Year-End Management Letter 2008/09**, Report 2009/09. We shall review the progress identified by management and complete our follow-up report in due course. From our audit work in 2009/10, we have noted progress has been made in a number of areas. However, we have also noted that some of the recommendations have not been fully implemented and we will address these with management as part of our follow-up review.
- 26. At the Council meeting in August 2010, it reaffirmed its position in relation to the continuation of support for the Aberdeen Exhibition and Conference Centre (AECC) and agreed to extend the repayment terms of the £7.5 million loan until May 2017. This has been fully disclosed in the financial statements.
- 27. The Council has complied with the statutory regulations relating to the use of reserves.
- 28. The Statement of Total Recognised Gains and Losses has been correctly stated, with no amounts described as "other" gains/ losses in 2009/10.
- 29. A completed Chartered Institute of Public Finance and Accounting (CIPFA) Disclosure Checklist was received at the time the draft accounts were prepared. This confirmed that the accounts met the SORP disclosure requirements in all material respects.
- 30. There are no other issues relating to these risk areas that require to be brought to your attention. Further comments on some of these issues will be provided in our Report to Members.

Audit adjustments

- 31. Definitions of material, significant and trivial in terms of the audit are detailed at Appendix III.
- 32. Three material, twenty significant and fifteen trivial audit adjustments were identified during the course of our audit and were discussed with the Finance Team. These included three significant adjustments impacting only on the group financial statements and three significant and two trivial adjustments only impacting on the Pension Fund Account. All of the material and significant proposed audit adjustments were agreed and the financial statements amended, with the exception of one significant adjustment. All of the trivial adjustments were also agreed and the financial statements adjusted for all but five of these. **Tables 1, 2 and 3: Audit adjustments impact on the financial statements** below highlights a summary of the impact on the financial statements. Appendix II provides further information on each audit adjustment and its impact on the financial statements. Unadjusted misstatements are covered at paragraph 51 below.
- 33. The Council's Group Accounts were adjusted to include the final audited results of the Grampian Police, Fire and Rescue, and Valuation Joint Boards, AECC Limited, Mountwest 343 Limited, the Common Good and the Trust Funds. Aberdeen Sports Village Ltd's results were included based on management accounts to 31 March 2010.
- 34. A significant number of presentational changes to the notes to the accounts were also required to ensure compliance with the SORP. In addition, a significant number of notes had not been updated from the previous year and several did not add or tie back to the figures in the main financial statements.



- 35. The net effect of the agreed adjustments on the Income and Expenditure Account for 2009/10 was £0.493 million, increasing the deficit reported in the draft accounts of £42.280 million to £42.773 million.
- 36. A number of the adjustments to the Income and Expenditure Account relate to book entries which are subsequently adjusted further within the Statement of Movement on the General Fund Balance (SMGFB). As a result, £0.220 million impacted on the General Fund balance, changing the increase in the draft accounts of £5.904 million to £5.684 million.
- 37. The audit adjustments impacting on the Council's Balance Sheet increased the Total Net Worth by £0.647 million to £898.626 million at 31 March 2010.
- 38. The net effect on the group's reported deficit on the Group Income and Expenditure Account was £2.136 million increasing the deficit in the draft accounts of £59.407 million to £61.543 million.
- 39. The Pension Fund Accounts at 31 March 2010 were also adjusted by £2.697 million increasing the Net Assets to £1.990 billion. There were no adjustments to the Transport Pension Fund Accounts, which reported Net Assets of £60.634 million at 31 March 2010.

Table 1: Material Audit adjustments – impact on the financial statements

Ref	Description	Reve	enue	Balance	Sheet
		DR	CR	DR	CR
		£'000	£'000	£'000	£'000
1	Western Peripheral Route (WPR)				
•	Infrastructure Assets				8,19
	Assets Under Construction			8,195	-,
	I&E Net Cost of Services (Roads) - Depreciation		592	-,	
	Assets Under Construction (AUC)		002	592	
	ISMGFB	592			
	Capial Adjustment Account	502			59
	being reallocation of costs for WPR to AUC, and removal of depreciation				
2	Impairment of Fixed Assets - Prior Period Adjustment				
	Revaluation Reserve				15,51
	Capital Adjustment			15,514	
	being building impairments in 07/08 which were incorrectly netted off				
	against gains in the Revaluation Reserve				
	(no adjustment to I&E/ GF as relates to 07/08)				
	TOTAL SINGLE ENTITY ACCOUNTS	592	592	24,301	24,30
3	Adjustments to AECC Audited Accounts	4 0 4 0			
	I&E Account	1,643			
	Intangible Assets				1,55
	Tangible Assets			13,481	
	Debtors			3	_
	Creditors due within one year				3
	Creditors due after more than one year				3
	Revaluation Reserve				13,49
	being adjustments to AECC audited accounts, including revaluing its				
	fixed assets to be in line with Group Accounting policies				
	Single Entity Adjustments	592	592	24,301	24,30
		1			



Table 2: Significant Audit adjustments - impact on the financial statements

			enue	Balance Sheet	
Ref	Description	DR £'000	£'000	DR £'000	£'000
		2.000	2.000	2.000	2 000
1	Waste Management				
	Provisions			878	
	Creditors				878
	being carry forward funding under the Zero Waste Fund incorrectly classified as a provision				
2	HB/ CTB Benefit Debtor				
	Council Tax Benefit Subsidy	628			
	Debtors				628
	being the Prior Year HB/ CTB Debtor not being reversed				
3	Non Domestic Rates (NDR)				
Ū	Creditors			443	
	Debtors			110	443
	being netting off of NDR credit balances against SG debtor (Current Year)				770
	being neuring on or NETA ordan bulances against 66 debiter (Guirent Fear)				
	Creditors			262	
	Debtors				262
	being netting off of NDR credit balances against SG debtor (Prior Year)				
4	Chuin Andaran Stadium (Abandaan Charte Villana Land				
4	Chris Anderson Stadium/ Aberdeen Sports Village Land				427
	Non-Operational Assets Under Construction			407	421
	Non-Operational Investment Assets			427	
	being reallocation of land leased to Aberdeen Sports Village to Investment Assets				
5	Stock Issue and Gas Annuity				
	Borrowing repayable within a period in excess of 12 months			2,503	
	Borrowing repayable on demand or within 12 months				2,503
	being Long Term Liability which now only has less than 12 months to run				
6	Constant and in the second				
О	Cremator equipment			972	
	Fixed Assets additions (plant and equipment)			972	070
	Fixed Assets Additions (land and Buildings)				972
	being Cremator equipment reallocated				
7	Landfill at Ness				
	Operational Land & Buildings				4,906
	I&E Impairment	4,906			
	SMGFB		4,906		
	Capital Adjustment Account			4,906	
	being impairment of landfill costs incurred, revaluing site to zero				
•					
8	Revaluation Reserve/ Capital Adjustment Account			700	
	Revaluation Reserve (remove negative charges to RR)			730	100
	Revaluation Reserve (adjustment to depreciation charge to RR - 08/09)				102
	Revaluation Reserve (adjustment to depreciation charge to RR - 09/10)			126	
	Capital Adjustment Account				754
	being adjustments required to correct entries identified in 08/09 and 09/10				
9	Police Capital Grant				
•	General Government Grants (current year)		900		
	Joint Boards (current year)	900	300		
	General Government Grants (prior year)	300	1,189		
	Joint Boards (prior year)	1,189	1,100		
	being Police Capital Grant income, to be matched against corresponding expenditure in	1,109			
	the Net Cost of Services				
	SUB-TOTAL - CARRIED FORWARD	7,623	6,995	11,247	11,875



Table 2: Significant Audit adjustments - impact on the financial statements (cont'd)

Ref		Reve	enue	Balance	nce Sheet	
	Description		CR	DR	CR	
	- Secondaria	DR £'000	£'000	£'000	£'000	
	BROUGHT FORWARD	7,623	6,995	11,247	11,875	
10	PPP - 3Rs Project	7,023	0,550	11,241	11,010	
10	1 · · · · · · · · · · · · · · · · · · ·			4.070		
	Operational Vehicle, Plant and Equipment			4,872		
	Revaluation Reserve - gain				99	
	I&E Net Cost of Services (Education)		4,773			
	SMGFB	4,773				
	Capital Adjustment Account				4,773	
	being adjustment required to incorporate fixtures and fittings not included in Rydens					
	valuation					
11	Aberdeen Sports Village - Investment					
	Long Term Investments			362		
	Available for Sale Financial Assets				362	
	Also adjustment to STRGL - (Surplus)/ Deficit for the year arising on revaluation of				002	
	Available for Sale Financial Assets					
	being revaluation of investment in joint venture to reflect value at 31 March 2010					
12	PPP - Short Term Liabilities					
	Long Term Liabilities			1,683		
	Short Term Liabilities				1,683	
	being liability in relation to PPP project repayable within 1 year, incorrectly classified as a					
	long term liability					
13	FRS17 Contributions					
	I&E - Net Cost of Services (Non Distributed Costs)	400				
	SMGFB		400			
	Note: adjustment also required to STRGL - Actuarial gains/ losses		100			
	being reversal of actual costs through the ledger (which are replaced by Actuary figures)					
	being reversal of actual costs unough the ledger (which are replaced by Actualy lightes)					
	TOTAL SINGLE ENTITY ACCOUNTS	12,796	12,168	18,164	18,792	
14a	NDR Prior Year Adjustment					
	Creditors			3,870		
	Debtors				3,870	
	being prior year adjustment in Single Entity Accounts being omitted from the					
	Group Accounts in error					
14b	Capital Adjustment/ Revaluation Reserve					
	Capital Adjustment Account			643		
	Revaluation Reserve			0.10	643	
					040	
	being prior year adjustment in Single Entity Accounts being omitted from the					
	Group Accounts in error					
15	Adjustments to Mountwest Audited Accounts					
15	Adjustments to Mountwest Audited Accounts Tangible Assets			2,168		
15	1 -			2,168	2,168	
15	Tangible Assets			2,168	2,168	
15	Tangible Assets Revaluation Reserve			2,168	2,168	
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies			2,168	2,168	
15	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates				2,168	
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates Share of Revaluation Reserve of Associates			2,168		
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates Share of Revaluation Reserve of Associates Profit and Liss Account and Other Reserves				1,460	
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates Share of Revaluation Reserve of Associates Profit and Liss Account and Other Reserves Capital Adjustment Account				1,460	
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates Share of Revaluation Reserve of Associates Profit and Liss Account and Other Reserves				2,168 1,460 11	
	Tangible Assets Revaluation Reserve being adjustments to Mountwest audited accounts, including revaluing its fixed assets to be in line with Group Accounting policies Adjustments to Prior Year figures for Associates Share of Revaluation Reserve of Associates Profit and Liss Account and Other Reserves Capital Adjustment Account	12,796	12,168		1,460	



Table 2: Significant Audit adjustments – impact on the financial statements (cont'd)

•	Description	Revenue		Balance Sheet	
Ref		DR	CR	DR	CR
		£'000	£'000	£'000	£'000
17	Pension Fund Accounts (Main Fund) Assets Change in Market Value of assets being difference in portfolio valuation (Harbour Vest)		2,792	2,792	
18	Pension Fund Accounts (Main Fund) Funds held by Investment Managers - Other Derivative Contracts being reallocation of misallocated derivative contract			654	654
19	Pension Fund Accounts (Main Fund) Sundry Debtors Sundry Creditors being reallocation of sundry debtors/ creditors			398	398
	TOTAL PENSION FUND	-	2,792	3,844	1,052

Table 3: Trivial audit adjustments – impact on the financial statements

			enue	Balance Sheet	
Ref	Description	DR	CR	DR	CR
		£'000	£'000	£'000	£'000
1	Cost of Disposal				
'	SMGFB - General Fund		55		
	SMGFB - Housing Revneue Account (HRA)		191		
	Capital Adjustment Account		131	246	
	being netting of cost of disposal against gain/loss in			210	
	I&E Account, in accordance with the SORP				
2	Social Work Invoice				
	Debtors			136	
	Social Work - Income		136		
	being Debtors invoice raised in 2010/11 in relation to 2009/10				
3	Marishcal College Retention				
	Fixed Asset Additions			121	
	Creditors				1:
	being retention for Marischal College works				
4	Hanover Street School				
	Capital Grants & Contributions Deferred Account				14
	I&E Account - Education	146			
	SMGFB		146		
	Capital Adjustment Account			146	
	being incorrect life processed against grant				
5	Duplicate Debtors Invoices				
	Creditors			93	
	Debtors				,
	being correction of adjustment for Debtors invoices				
	raised in duplicate - adjust should have been against Debtors				
	(3 Invoices)				
6	Glencraft Credit Note				
•	I&E Account	46			
	Debtors	40			
	being credit note issued in 2010/11, part cancelling a				
	2009/10 Debtors invoice				
	SUB-TOTAL - CARRIED FORWARD	192	528	742	4



Table 3: Trivial audit adjustments - impact on the financial statements (cont'd)

		Reve	Revenue		Sheet
Ref	Description	DR	CR	DR	CR
		£'000	£'000	£'000	£'000
	BROUGHT FORWARD	192	528	742	40
7	Aberdeenshire Invoice				
	Creditors			72	
	I&E Account - Social Work		72		
	being saving negotiated on outstanding invoice for				
	2009/10, resulting in year-end Creditor being overstated				
8a	Summerhill Academy - Revaluation				
	Fixed Assets			279	
	Revaluation Reserve				27
	being correction to depreciation charge on asset on 07/08 revaluation				
8b	Summerhill Academy - Depreciation				
	Fixed Asset			60	
	I&E Account		60		
	SMGFB	60			
	Capital Adjustment Account				6
	being correction of overstated depreciation				
	TOTAL - SINGLE ENTITY	252	660	1,153	74
9	Pension Fund Accounts (Main Fund)				
Ü	Change in Market Value of assets	49			
	Assets				4
	being difference in portfolio valuations (Baillie Gifford)				•
10	Pension Fund Accounts (Main Fund)	46			
-	Change in Market Value of assets				4
	Assets				
	being difference in portfolio valuations (RREEF)				
	PENSION FUND ACCOUNTS	95	-	_	9

Material uncertainties

40. There are no material uncertainties relating to events and conditions that cast significant doubt on the Council's ability to continue as a going concern.

Fundamental disagreements

41. There are no areas of disagreement with management that, individually or in aggregate, have a significant impact on the financial statements and our audit report.

Modifications to the audit report

42. Local authorities have a duty under Section 10 of the Local Government in Scotland Act 2003 to conduct each of their significant trading operations so that income is not less than expenditure over each three year period. The authority failed to comply with this statutory requirement for the three year period ending 31 March 2010 in respect of the letting of industrial, commercial and other properties significant trading operation.



43. While we are required to refer to this issue within our audit report as a failure to comply with a statutory requirement, it has not been necessary to qualify our opinion in respect of this matter.

Accounting and internal controls

- 44. No material weaknesses in the accounting and internal control systems were identified during the audit which would adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts. However, there continues to be a number of weaknesses that have been reported by us for a number of years and the time taken to address these does cause some concern.
- 45. Some opportunities to improve internal control, have been reported during the year in reports to management and the Audit and Risk Committee. The more significant issues will be highlighted in our Report to Members.
- 46. The Council has noted a £25,000 difference in the NDR for prior years calculated using movements in prior year NDR system balances during 2009/10 when compared against the amounts shown in the NDR system reports. The Council plans to follow this up with the software supplier to determine the reason for the difference.
- 47. As reported in previous years, a difference has been identified between the number of Council Houses held within the Fixed Asset Register and the number with the HRA account. A full reconciliation is required to ensure all movements on and off charge are correctly accounted for to ensure that the HRA income is fairly stated. Assurances have been given that this will be fully resolved during 2010/11 as part of the Council House revaluation exercise being carried out by the Council's external valuers.
- 48. We have previously recommended that the Council carry out regular reconciliations of the Housing Rents income between the Housing Rents system and the General Ledger. The reconciliation was carried out at the year-end by finance staff which highlighted differences which were not investigated prior to the audit. The audit highlighted the practice of adjusting the rental income with the final cash draw down as previously reported at paragraph 12. It also highlighted non-housing rents within the Rents system which when transferred to General Ledger are subsequently and correctly transferred out of the HRA to Housing General Services. The reconciliation also showed that housing rents in advance (prepayments) are adjusted against the Housing Rents in the General Ledger (also see other matters, paragraph 50). Due to the complexity of this area, we believe that this Housing Rents reconciliation is a key control that should be carried out regularly throughout the year, with all differences fully investigated. This should ensure that entries are correctly posted to the General Ledger and subsequently reflected in the financial statements.

Other relevant matters

49. The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer price index (CPI) rather than the retail price index (RPI) will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event and Note 18 to the Balance Sheet, "Post Balance Sheet Events" was amended to include the necessary disclosure.



Uncorrected misstatements

50. There were 6 potential misstatements that have not been adjusted for, which are summarised in Table 4 below. We have concluded that individually and in aggregate these unadjusted misstatements do not have a material effect on the financial statements or on our audit opinion. If these misstatements had been adjusted in the final accounts, the net impact would have been to increase the General Fund balance by £0.632 million.

Table 4: Unadjusted errors – impact on the financial statements

		Revenue		Balance Sheet	
Ref	Description	DR	CR	DR	CR
	·	£'000	£'000	£'000	£'000
	Significant Uncorrected Misstatement				
1	Housing Rent - Additional Debtors				
	Debtors			531	
	Income - Housing Rent		531		
	being additional Housing Debtors not reflected in the accounts				
	Trivial Uncorrected Misstatements				
2	ICT Invoice				
	Debtors				21
	ICT - Expenditure	21			
	being 1 month of Novell contract consumed within				
	2009/10 (full 12 months incorrectly shown as Debtor)				
3	Bank				
	Bank Overdraft			67	
	I&E Account		67		
	being income in bank account, not in ledger at 31/03/10				
4	Hostel Grant				
	Creditors			16	
	HRA - Housing Support Grant		16		
	being correction of Hostel Grant in HRA				
5	VAT Debtor				
	Creditors			108	
	Debtors				108
	being difference between the Feb/March VAT Return and the				
	VAT Debtor (relating to car park parking assessment)				
6	HMO Licence Fees				
	Debtors			39	
	Income		39		
	being HMO Licence Fee income relating to 2009/10 incorrectly posted to 2010/11				
	TOTAL - UNADJUSTED ERRORS	21	653	761	129



Appendix I – Independent auditors' Report (proposed)

Independent auditors' report to the members of Aberdeen City Council and the Accounts Commission for Scotland

We certify that we have audited the financial statements of Aberdeen City Council and its group for the year ended 31 March 2010 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the Notes to the Core Financial Statements, the Housing Revenue Income and Expenditure Account, Statement of Movement on the HRA Balance, Notes to the Housing Revenue Account, the Council Tax and Non Domestic Rate Income Accounts and the related notes, the Group Accounts and the Notes to the Group Accounts, the Pension Fund Accounts and related notes, Trading Operations – Summary of Results, Loans Fund, City Improvement Fund, Common Good, Trust Funds and Endowments and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Head of Finance and Auditors

The Head of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the 2009 SORP) are set out in the Statement of Responsibilities for the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland.

We report our opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

In addition, we report to you if, in our opinion, the local government body has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the Annual Governance Statement reflects compliance with the SORP, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword by the Head of Finance. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.



Appendix I – Independent auditors' Report (proposed)

Basis of audit opinion

We conducted our audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Head of Finance in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the local authority's and its group circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of Aberdeen City Council and its group as at 31 March 2010 and the income and expenditure of Aberdeen City Council and its group for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Failure to comply with a statutory requirement

It has not been necessary to qualify our opinion in respect of the following matter.

Local authorities have a duty under Section 10 of the Local Government in Scotland Act 2003 to conduct each of their significant trading operations so that income is not less than expenditure over each three year period. The authority failed to comply with this statutory requirement for the three year period ending 31 March 2010 in respect of the Letting of Industrial, Commercial and other Properties significant trading operation.

Henderson Loggie Chartered Accountants Registered Auditors 48 Queens Road Aberdeen AB15 4YE

30 September 2010



Appendix II – Audit adjustments

Material Audit Adjustments

Impacting on the Single Entity Financial Statements

1. Western Peripheral Route - £8.195 million and £0.592 million

The capital costs incurred to date by the Council were found to have been incorrectly allocated to "Infrastructure Assets" within the Balance Sheet. As this road has yet to be built, it is more appropriate to allocate to "Assets Under Construction", which does not attract depreciation. The depreciation charged to date of £0.592 million has therefore also been reversed out of the Income and Expenditure Account. This has no impact on the General Fund balance carried forward.

2. Impairment of Fixed Assets - £15.514 million (prior period adjustment)

As part of our review of movements on the revaluation reserve, we identified a number of negative adjustments included in the calculation of the depreciation on historic cost and revaluation basis, which were as a result of downward revaluations of buildings (which attract depreciation), which had been netted off with upward revaluations of the corresponding land (which does not attract depreciation) as part of the 2007/08 revaluations. The SORP requires the land and building to be treated as individual components, therefore the downward revaluations should have been charged to the Income and Expenditure Account in the year, rather than the Revaluation Reserve. An adjustment was therefore required to re-instate these values within the Revaluation Reserve. As the charge to the Income and Expenditure Account in 2007/08 would then be reversed out through the Statement of Movement on General Fund Balance, this has no impact on the General Fund balance carried forward. This adjustment is based on the Council's best estimate of the reduction in building values, and will be fully investigated as part of 2009/10 restatement work required to produce IFRS compliant accounts in 2010/11.

Council Officers have confirmed that no similar error has occurred in 2008/09 or 2009/10.

Impacting on the Group Financial Statements

3. AECC Limited – Audit Adjustments - £18.592 million

The Group Financial Statements were adjusted to reflect the audit adjustments made to the AECC Limited single entity accounts. The most significant of these are as follows:

- The accounting policies of all group entities must be aligned to those of the group, therefore the AECC accounts had to be adjusted to reflect the revalued amount of its fixed assets. This resulted in an unrealised gain within the Revaluation Reserve of £13.495 million.
- Costs incurred to date in relation to the potential development of an on site 4 star hotel were fully written off, amounting to £1.662 million.

All the material adjustments impacting on the Council's single entity financial statements also impact on the group.



Appendix II – Audit adjustments

Significant Audit Adjustments

Impacting on Single Entity Financial Statements

1. Waste Disposal Provision - £0.878 million

This amount was incorrectly allocated against the Waste Disposal provision within the draft accounts. As it relates to the carry forward of unspent grant income relating to the Zero Waste Fund it is more appropriate to disclose within Creditors.

2. HB/ CTB Debtor - £0.628 million

The 2008/09 Debtor in respect of HB/ CTB had not been reversed as part of the opening entries in 2009/10 resulting in the year-end Debtor being overstated. This reduces the General Fund balance carried forward by £0.628 million.

3. Non-Domestic Rates – Credit Balances - £0.443 million (current year) and £0.262 million (prior year)

Due to the change in accounting requirements in relation to Non-Domestic Rates in 2009/10, the net amount due to or from the Scottish Government should be identified within the Council's Balance Sheet and there is no requirement to show amounts due to/ from individual tax payers. The above credits relating to overpayments due to tax payers therefore should be offset against the Debtor in the Balance Sheet in both the current year and comparative figures. This has no impact on the General Fund balance carried forward.

4. Chris Anderson Stadium/ Aberdeen Sports Village Land - £0.427 million

This amount represents the value of land which is leased to Aberdeen Sports Village. It was incorrectly classified as "Assets Under Construction", and has therefore been re-allocated to "Investment Properties".

5. Stock Issue and Gas Annuity - £2.503 million

The Council included the above figures within Long Term Liabilities on the Balance Sheet. As it is now due for repayment within the next 12 months, it has been re-allocated to Short Term Liabilities.

6. Cremator Equipment - £0.972 million

Significant capital expenditure has been incurred during 2009/10 in relation to the Crematorium. The full amount was originally included under "Land and Buildings", however, due to the nature of the expenditure, it was considered more appropriate to re-allocate a proportion of these costs to "Plant and Equipment".

7. Landfill Site at Ness - £4,906 million

Capital expenditure was incurred during 2009/10 in relation to the above, however, as the Council's valuers have valued this land at a nil value, the expenditure should have been impaired. In accordance with the agreed accounting treatment for similar expenditure in 2008/09, an adjustment has been processed to impair this asset to nil. This has no impact on the General Fund balance carried forward.

8. Revaluation Reserve/ Capital Adjustment Account - £0.754 million

As noted in item 2 under Material Audit Adjustments, we identified a number of negative adjustments relating to depreciation, which were as a result of downward revaluation in buildings which were offset by upward revaluation in land. An adjustment was therefore required to correct this error, being a movement between the Revaluation Reserve and the Capital Adjustment Account. Adjustments were also required to correct the depreciation charged to the Revaluation Reserve in both 2008/09 and 2009/10 as the incorrect baseline figures had been used in the original calculation.



Appendix II - Audit adjustments

9. Police Capital Grant - £0.900 million (current year) and £1.189 million (prior year)

In 2008/09 there was a change to the way that the Police Capital Grant was allocated from the Scottish Government. The money is initially paid to the local authority, who then pass it on to the Police Force. This amount was incorrectly included within the General Government Grants line within the Income and Expenditure Account, therefore has been re-allocated to the relevant line within Net Cost of Services to match against the expenditure in both the current and prior year.

10. 3R's Project – Fixtures and Fittings - £4.872 million

The schools constructed as part of the 3R's project which became operational within 2009/10 have been brought onto the Balance Sheet in 2009/10, based on the financial model costs. These have subsequently been revalued as at 31 March 2010. As the financial model costs included cost for fixtures and fittings whereas the revalued amount does not, an adjustment was required to add back the historic cost of the fixtures and fittings included within the schools. An adjustment was also required to reverse the impairment charged to the Income and Expenditure Account, as the reduction in valuation was due to the omission of the fixtures and fittings rather than an actual reduction in value.

11. Aberdeen Sports Village Investment - £0.362 million

The value of the Council's investment within Aberdeen Sports Village at 31 March 2010 has increased in value from the initial cash investment, however, this had not been revalued in the draft accounts. An adjustment was therefore required to increase the value of the investment.

12. PPP – Short Term Liabilities - £1.683 million

The proportion of the liabilities payable under the PPP project within one year were incorrectly classified as long term liabilities on the Balance Sheet. An adjustment was therefore required to re-allocate this to short term liabilities.

13. FRS17 Contributions - £0.400 million

FRS17 requires costs calculated by the Council's Actuary to be included within the Income and Expenditure Account to replace the actual costs incurred during the year. The Council had incorrectly reversed the Actuary's estimate of the contributions made rather than the actual cash paid. An adjustment was therefore required to increase the amount reversed from the Income and Expenditure Account.

Impacting on Group Accounts

14. Single Entity prior period adjustments - £3.870 million and £0.643 million

A prior period adjustment of £3.870 million was made to the Single Entity accounts to reflect the change in accounting requirements for amounts collected on behalf of central government. However, this adjustment was omitted from the Group Accounts in error.

An adjustment of £0.643 million was also made to the Single Entity accounts to correct the entries through the Capital Adjustment Account and Revaluation Reserve for Associates. This adjustment was also omitted from the Group Accounts in error.

15. Mountwest 343 Limited – Audit Adjustment - £2.168 million

Similar to item 3 under Material Audit Adjustments, the Group Financial Statements were adjusted to reflect the audit adjustments made to the Mountwest 343 Limited single entity accounts. The accounting policies of all group entities must be aligned to those of the group, therefore Mountwest accounts had to be adjusted to reflect the revalued amount of its fixed assets. This resulted in an unrealised gain within the Revaluation Reserve of £2.168 million.

All the significant adjustments impacting on the Council's single entity financial statements also impact on the group.



Appendix II - Audit adjustments

16. Adjustments to Prior Year figures for Associates - £1.471 million

An error was identified in the final 2008/09 group accounts incorporating adjustments to the share of revaluation reserve of associates, which are shown as comparatives within the 2009/10 draft accounts. An adjustment has therefore been processed to ensure that the comparatives reflect the final 2008/09 accounts of the associates.

Impacting on Pension Fund Accounts

17. Portfolio Valuation – Harbour Vest - £2.792 million

At the time of preparing the accounts, the valuation for investments held with Harbour Vest at 31 March 2010 were unavailable, therefore the accounts were based on the information available from previous valuations. Since the draft accounts were prepared, the valuations have become available, and therefore are to be adjusted for in the final accounts. This increases the net assets of the Pension Fund by £2.792 million.

18. Derivative Contracts - £0.654 million

The working papers provided for the audit identified a mis-allocation on the face of the Pension Fund account between "Derivative Contracts" and "Funds held by Investment Managers – Other". This has no impact on the net assets of the Pension Fund.

19. Sundry Debtors/ Creditors - £0.398 million

Pension Fund officers identified an error in the draft accounts, being a mis-allocation between sundry debtors and creditors, however, this was not identified in time to process within the draft accounts. This has no impact on the net assets of the Pension Fund.

Trivial Audit Adjustments

Impacting on Single Entity Financial Statements

1. Cost of Disposal - £246,000

The cost of disposal of fixed assets which are netted off against the disposal proceeds for fixed assets, should be reversed out through the Statement of Movement on General Fund balance. This was omitted in error, therefore an adjustment was required to correct this.

2. Social Work Invoice - £136,000

A Debtors invoice was raised in financial year 2010/11 for services incurred during 2009/10. This was omitted in error as part of the year-end procedures, resulting in the 2009/10 income being understated.

3. Marischal College Retention - £121,000

The retention due on the work carried out on the Marischal College was omitted from the year-end accruals in error. As this amount is capitalised, the adjustment has no impact on the General Fund balance carried forward.

4. Hanover Street School - £146,0000

The grant received in respect of Hanover Street School was found to have been written off over a different period to the life of the asset. An adjustment was therefore required to correct the amount written off.

5. Duplicate Debtors Invoices - £93,000

Three debtors invoices had been found to have been raised in error, however, the Council has incorrectly adjusted this against the Creditors balance, resulting in both the Debtors and Creditors balances being overstated.



Appendix II – Audit adjustments

6. Glencraft Credit Note - £47,000

A credit note was issued in financial year 2010/11 to part cancel an invoice raised in 2009/10, resulting in the Debtors balance, and associated income, at the year-end being overstated.

7. Aberdeenshire Invoice - £72,000

An accrual was made at the year-end based on the value of an outstanding invoice, however, savings were subsequently negotiated by the Council, resulting in the Creditors balance, and associated expenditure, at the year-end being overstated.

8. Summerhill Academy, Revaluation - £279,000 and Depreciation - £60,000

Adjustments were required to correct the depreciation charged, as they were found to be incorrect.

Impacting on Pension Fund Accounts

9. Portfolio Valuations – Baillie Gifford - £49,000 and RREEF - £46,000

At the time of preparing the accounts, the valuations for investments held with Baillie Gifford and RREEF at 31 March 2010 were unavailable, therefore the accounts were based on the information available from previous valuations. Since the draft accounts were prepared, the valuations have become available, and therefore are to be adjusted for in the final accounts. These decrease the net assets of the Pension Fund by £95,000.



Appendix III – Definition of Material, Significant and Trivial in relation to Audit Adjustments

We are required to express an opinion on whether the accounts give a true and fair view of the financial position of the Council. In arriving at that opinion we need to assess any weaknesses, misstatements and errors discovered during our audit testing. Additional information or events in the period between the balance sheet date and the date we sign our audit report must also be considered.

In order to help us to assess the impact of errors we classify them as material, significant or trivial.

Materiality is set at the start of the audit using statistical formula and following consideration of risk. The value for significant and trivial are set in relation to the materiality figure.

Material misstatement and adjustments

Material misstatements are misstatements that, in our opinion, mean that the accounts do not give a true and fair view. Material misstatements discovered during our audit are discussed with management and agreement reached over the required revision for the final audited accounts. Where no agreement is reached to make a material adjustment we would need to consider qualifying our audit opinion.

Significant misstatements and adjustments

Significant items are lower in value than material items, but still of a size that might give rise to the financial statements not giving a true and fair view, particularly if there are several of them, which in total would become material. The Council has the option of adjusting for significant misstatements or not. The impact of any significant misstatements not adjusted for in the final audited accounts would need to be considered and where the combined impact of non-adjusted items was material, this could lead to a qualified opinion. Reasons for non adjustment of significant misstatements are required to be reported to the members.

Trivial errors and adjustments

Trivial errors are those with a fairly low value, and which do not affect the true and fair view of the financial statements. These are recorded and summarised during the audit and the overall total net impact is considered. Individual trivial errors would not require adjustment. If the net total of trivial errors becomes significant or material then there will be an issue to be considered for our report unless the Council agrees to adjust the errors.



Appendix IV – Respective Responsibilities

Respective Responsibilities of Members, Officers and Auditors

Each public sector body is accountable for the way in which it has discharged its stewardship of public funds. Stewardship is a function of both executive and non-executive management and, therefore, responsibility for effective stewardship rests upon both members and officers of a public sector body.

That responsibility is discharged primarily by the establishment of sound arrangements and systems for the planning, appraisal, authorisation and control over the use of resources and by the preparation, maintenance and reporting of accurate and informative accounts.

It is our responsibility to undertake an independent appraisal of the discharge by management of its stewardship responsibilities, to enable us to give an assurance that those responsibilities have been reasonably discharged.

The Council and the Head of Finance's responsibilities for the Financial Statements are set out on page 16 of the Financial Statements. Our responsibility is to form an independent opinion, based on our audit, on the abstract of accounts and to report that opinion to you.

We are required to review whether the Council's Annual Governance Statement reflects the Council's and the group's compliance with the SORP, and we report if, in our opinion, it does not. We are not required to consider whether the statement covers all risk and controls, or form an opinion on the effectiveness of the Council's and group's corporate governance procedures or its risk and control procedures.



Appendix V – Acronyms

AECC Aberdeen Exhibition and Conference Centre

AUC Assets Under Construction

CIPFA Chartered Institute of Public Finance and Accounting

CPI Consumer Price Index

FRS Financial Reporting Standard

GF General Fund

HB/ CTB Housing Benefit/ Council Tax Benefit

HMO Housing of Multiple Occupancy

HRA Housing Revenue Account

I&E Income and Expenditure Account

ICT Information, Communication and Technology

IFRS International Financial Reporting Standards

ISA International Standard on Auditing

NCS Net Cost of Services

NDR Non-Domestic Rates

PPP Public Private Partnership

RPI Retail Price Index

RR Revaluation Reserve

RREEF Real Estate Investment Management Business

SORP Statement of Recommended Practice

SMGFB Statement of Movement on the General Fund Balance

STO Significant Trading Operation

STRGL Statement of Total Recognised Gains and Losses

VAT Value Added Tax

WPR Western Peripheral Route

This page is intentionally left blank



Aberdeen City Council

Report to Members and the Controller of Audit

2009/10

External Audit Report No: 2010-05

Draft Issued: 20 October 2010

Final Issued: 29 October 2010



Contents

		Page
1.	Executive summary	1 - 4
2.	Introduction	5
3.	Financial statements	6 – 10
4.	Use of resources	11 - 18
5	Governance and accountability	19 - 22
6.	Performance management and improvement	23 – 28
7.	Action plan	29 - 31
8.	Follow-up 2008/09 Action plan	32
Appendi	x I Audit Scotland national studies	33 – 35
Appendi	x II Acronyms	36

Restriction on Use

This report has been prepared in accordance with our responsibilities under International Standards on Auditing and Audit Scotland's *Code of Audit Practice* for the audit of Aberdeen City Council's financial statements. Our audit does not necessarily disclose every weakness and for this reason the matters referred to in this report may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- this report has been prepared for the sole use of Aberdeen City Council and their Audit and Risk Committee and will be shared with the Accounts Commission and Audit Scotland
- no responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes



Introduction

1. We are pleased to submit our annual report, covering significant matters arising during the course of our audit of Aberdeen City Council (the Council) for the year ended 31 March 2010.

Financial statements

- 2. Our opinion on the financial statements of the Council for the year ended 31 March 2010 is unqualified. The financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 Statement of Recommended Practice (SORP), of the financial position of the Council and its group and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.
- The Council failed to meet the statutory three-year breakeven target for the letting of industrial, commercial and other properties significant trading operation (STO). All other STOs met this target.
- 4. We were not obliged to make any adverse comment on the Council and its group's Annual Governance Statement. This confirmed that the content of the Statement was not inconsistent with information arising from our audit work.
- 5. The Council submitted its draft Whole of Government (WGA) return, based on the draft accounts, to the Scottish Government and to us by the due date, 31 July 2010. The audit certification deadline for submission of the final WGA return to the Scottish Government of 1 October 2010 was not achieved. The audit certificate for the WGA was signed on the 4 October 2010.

Use of resources

- 6. The Council's General Fund balance at 31 March 2010, including the Housing Revenue Account (HRA), was £37.735 million, £5.684 million more than the equivalent figure at 31 March 2009. The Council has reported a favourable position in comparison with the budgeted use of balances of £15.766 million. The improved position at 31 March 2010 is the result of three main elements; an operational budget surplus of £8.730 million, exceptional items relating to VAT recoveries of £6.125 million and £4.508 million additional funds received through the consent to borrow.
- 7. The Housing Revenue Account (HRA) balance at 31 March 2010 was £2.087 million more than at 31 March 2009. The HRA budget for financial year 2009/10 was to achieve breakeven.
- 8. Commitments against the General Fund balance, excluding HRA, total £18.229 million leaving an uncommitted balance at 31 March 2010 of £10.928 million. This represents 2.5% of the net revenue budget for 2010/11 and is within the Council's approved limits. Commitments against the HRA balance total £3.052 million leaving an uncommitted balance of £5.526 million. The overall total uncommitted balance is £16.454 million.
- 9. The Group Balance Sheet shows the Total Assets less Liabilities to be a net asset position of £566.672 million at 31 March 2010. All group bodies' accounts have been prepared on a going concern basis as pension liabilities will be funded as they fall due through a combination of employee and employer contributions, government grants and council tax.



- 10. The Council's pension liabilities at 31 March 2010, estimated by the Actuary, exceeded its share of pension scheme assets by £299.732 million (2008/09 £215.887 million). The adverse movement of £83.845 million is mainly the result of changes in the financial assumptions underlying the present value of the scheme's liabilities and the discount rates used. Future indexing changes from Retail Price Index to Consumer Price Index are expected to result in reduced pension liabilities in future years.
- 11. As reported in our previous Reports to Members, the Council has faced significant financial pressures. In setting its budget for 2010/11, the Council approved a range of savings and cost reductions of £25 million in order to achieve a balanced budget.
- 12. In his report **Revenue Budget 2010/11 Budget Monitoring** to the Finance and Resources Committee on 28 September 2010, the Head of Finance reported the projected outturn at the end of the year as a reduction in the General Fund balance of £0.8 million. As the 2010/11 budget had been set with the intent of increasing the balance on the General Fund, this would represent an adverse movement against budget of £4.4 million. Uncommitted General Fund balances at the year-end would then be £10.5 million, which is below the recommended balance of £11.2 million that the Council has previously set.
- 13. Work to develop a fully costed 5-year Business Plan for 2011/16, built on priority based budgeting principles, is almost complete. The Business Plan will be brought to the Finance and Resources Committee in December 2010 for consideration.

Governance and accountability

- 14. The Council's Local Code of Corporate Governance was last updated in 2006. Due to the changes made to the Council's decision making and management structures and to the Council's Standing Orders, a refreshed Local Code is currently being developed.
- 15. A further review of committee structures, undertaken in March 2010, agreed to continue with the present committee structure, with the exception of the Budget Monitoring Board, where it was agreed that this should be disbanded as its remit is now covered by the Finance and Resources Committee.
- 16. In the 2009/10 financial statements the Council has published a single Annual Governance Statement. In general, this Statement adopts the main elements of good practice. Some areas need to be developed further and these issues have been discussed with officers and will be included within our Year-end Management Letter for action.
- 17. For 2009/10 we concluded that we could place reliance on the work and findings of Internal Audit in all of the areas set out in our Risk Assessment, Annual Plan and Fee Proposal for 2009/10 (Annual Plan), Report 2010-01, issued in February 2010. Effective liaison with internal audit has ensured that duplication of audit effort has been minimised.
- 18. Almost all of the National Fraud Initiative (NFI) data matches have been investigated. Only 24 of the 3319 matches processed are still classified as in progress. A total of 30 frauds and 166 errors were identified with a combined value of £242,141 and the Council is taking steps to recover a total of £218,495 of this amount covering 189 cases. Arrangements are in place to provide the data for the 2010/11 NFI exercise.



Performance management and improvement

- 19. Work has continued throughout 2009/10 to further enhance the Council's performance management arrangements. This work has been helped considerably by improved clarity in the Council's planning hierarchy with clear linkages from the national outcomes down through the Community Plan and Single Outcome Agreement (SOA) into the Council's Interim Business Plan and then into individual service level Business Plans. Arrangements in place are sufficient to meet the Council's statutory duties to collect, record and publish a range of Statutory Performance Indicators.
- 20. The SOA for 2009 to 2012 was submitted to the Council in May 2009, and signed by The Aberdeen City Alliance (TACA) and the Scottish Government on 30 July 2009. A report was presented to the Corporate Policy and Performance Committee in September 2010 reporting the outturn performance and analysis for the measures included within the 2009/10 SOA.
- 21. Audit Scotland's report *The Audit of Best Value and Community Planning Progress Report* published in July 2009 noted that the Council had taken prompt action in implementing plans to address the issues highlighted in the Best Value audit report and the Accounts Commission findings, although the full impact on the action taken to date had yet to flow through.
- 22. Progress in delivering the Corporate Improvement Plan (CIP), developed following the Audit of Best Value and Community Planning in 2008, was considered in preparing the Interim Business Plan for 2010/13. In December 2009 the Council reported that most of the improvement actions had been completed. The four actions which had not been completed at December 2009 were longer term actions and in order to further embed them in the Council's consolidated improvement agenda the actions were subsumed into the Interim Business Plan.
- 23. Audit Scotland published a number of reports on national studies over the past year. A summary of these reports, together with the Council actions to date, is included at Appendix I.

Outlook

- 24. The most significant challenge facing the Council is the imminent reduction in available funding for financial year 2011/12 onwards. The Council has consulted widely and is in the final stages of developing a fully costed 5-year Business Plan for 2011/16, built on priority based budgeting principles. The Council believe this will allow them the flexibility to respond to the precise scale of the funding reduction when the situation becomes clearer later in the year. The Council has faced some difficult choices on how to manage the impending cuts in setting the 5-year Business Plan. The North East Chief Executive's Forum are meeting regularly to share thinking and to try to ensure that the interdependencies between financial and service reductions made by the individual organisations are understood and recognised
- 25. A number of changes in financial reporting are expected to apply from 2010/11 and beyond including the requirement for full compliance with International Financial Reporting Standards and the need for a Council decision around trust fund disclosures. The introduction of the mandatory Carbon Reduction Commitment Energy Efficiency Scheme is a potentially significant new area of cost for the Council and carries reputational risks which will require to be managed.



26. Following the publication of the Crerar report in 2007, the Scottish Government agreed to establish a simplified approach to delivering local government scrutiny. A local area network (LAN) has been established for each Council, comprising representatives of all scrutiny bodies who engage with the Council. The Shared Risk Assessment (SRA) for the Council has been completed and the resulting Assurance and Improvement Plan (AIP) for 2010-13 was presented to the Corporate Policy and Performance Committee in June 2010, and thereafter referred to the Audit and Risk Committee in September for interest. The final SRA and AIP was produced by the LAN and describes the various strands of scrutiny activity planned around corporate activities for the three financial years commencing 2010/11. In Year 1 of the rolling programme, 2010/11, we are required to carry out regular monitoring of the Corporate Improvement Plan (CIP) throughout the year.

Acknowledgements

27. Our audit has brought us in contact with a wide range of Council officers and members. We would like to take this opportunity to place on record our appreciation of the co-operation and assistance extended to us by officers and members in the discharge of our duties.



2. Introduction

Introduction

- 28. We are pleased to submit our annual report, covering significant matters arising during the course of our audit of Aberdeen City Council (the Council), for the year ended 31 March 2010.
- 29. The framework under which we operate, under appointment by Audit Scotland, and our audit approach are as outlined in our Risk Assessment, Annual Plan and Fee Proposal for 2009/10 (Annual Plan), Report 2010-01 issued on 18 February 2010. The respective responsibilities of Council members, officers and auditors are set out in an Appendix to our Report to those charged with Governance on the audit of Aberdeen City Council 2009/10 (ISA 260 Report), Report 2010-04 issued on 30 September 2010.
- 30. Broadly the scope of our audit was to:
 - provide an opinion on the financial statements in accordance with relevant legal and regulatory requirements and international standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission
 - review and report on the Council and its group's corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and the Council's financial position
 - review and report on the Council's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources and in securing Best Value
 - review and report on whether the Council has made adequate arrangements for collecting, recording and publishing prescribed performance information
- 31. Our audit approach focused on the identification of strategic business risks and operational and financial risks impacting on the Council.

Audit activity and reporting

- 32. As part of our overall planning approach to the Council's annual audit we carried out a review of the key risks, national and local, facing the Council and reported how we would continue to monitor them during the year through attendance and review of Council and Community Partnership meetings and minutes and discussions with officers. The main risks were reported in our Annual Plan and where appropriate we have included an update on these risks in this report. To a certain extent the content of this report comprises general information that has been provided by, or is based on discussions with, management and staff at the Council. Except to the extent necessary for the purposes of the audit this information has not been independently verified.
- 33. In accordance with our Annual Plan we reviewed the Council's key internal controls and have raised some issues during the course of the audit including matters highlighted in our Financial Statements Audit Plan (FSAP), Report 2010-02 issued on 27 May 2010 and our ISA 260 Report. We also plan to issue a separate detailed Management Letter covering specific issues relating to the financial statements.
- 34. We take this opportunity to remind you that external auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used efficiently, economically and effectively.



Audit opinion

- 35. We are pleased to report that the target date of 30 September 2010 for the audit completion and the certification of the annual accounts was met. Our opinion on the financial statements of the Council for the year ended 31 March 2010 is unqualified.
- 36. In accordance with International Standard on Auditing (ISA) 260 we issued our ISA 260 Report, which was discussed with the Head of Finance and the Convener and Vice Convener of the Audit and Risk Committee on 30 September 2010. This report included our proposed audit certificate and detailed the agreed adjustments to the draft accounts arising from our audit, together with comments on the Council's accounting practices and accounting and internal controls. The report also summarises our findings in relation to the material risks and exposures previously identified in our Annual Plan and our FSAP.
- 37. We set out below a summary of the audit certification issues:
 - the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2009 SORP, of the financial position of Aberdeen City Council and its group at 31 March 2010 and its income and expenditure for the year then ended
 - the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973
 - the Council failed to meet the statutory three-year breakeven target for the letting of industrial, commercial and other properties significant trading operation
 - the Annual Governance Statement complies with the SORP. We were not required to consider whether the statement covers all risk and controls or form an opinion on the effectiveness of the Council's corporate governance and risk and control procedures.
- 38. A number of issues have been raised in our ISA 260 Report which require to be addressed by management. A debrief meeting was held on 27 October 2010 with the Head of Finance and the Corporate Accounting Manager to discuss these issues in detail, which will then allow an Action Plan to be developed to ensure that the issues are addressed prior to the preparation of the 2010/11 financial statements. The agreed Action Plan (which will form part of our Yearend Management Letter) will be presented to the Audit and Risk Committee in due course, along with regular reporting on progress against the agreed actions.
- 39. In our 2007/08 and 2008/09 Reports to Members and Management Letters we commented on the adequacy of the resources within the finance section to be able to maintain a robust financial system to produce accounts and other information which is both timely and accurate. We recommended that a review should be carried out of the current level of resources and skills mix within the finance team to ensure that they are adequate for the Council's needs. A new Head of Finance was appointed in May 2010, and some changes have been made to the staff structure within the finance team. This was further discussed at our debrief meeting.

Material risks and exposures

40. Our FSAP identified a number of material risks and exposures faced by the Council that we assessed might impact on the Council's accounts. Our ISA 260 Report provided a summary of the issues along with information on how they had been resolved. The following paragraphs provide a further update.



Whole of Government Accounts (WGA)

- 41. The legislative authority for WGA is contained in the Government Resources and Accounts Act 2000, which sets out a formal designation process. The Commencement Order for the publication of the WGA has been laid before Parliament and therefore 2009/10 is the first year that a full set of WGA statements will be published. Although the Act is not applicable in Scotland, the Scotlish Government has agreed to provide the Treasury with equivalent information.
- 42. The UK Government's aim, in respect of WGA, is to develop a fully audited set of accounts covering virtually all of the UK public sector. WGA treats Government as if it were a single, consolidated entity by eliminating all significant transactions and amounts owed between public sector bodies and harmonising accounting policies. WGA is intended to present a true and fair view of Government activities.
- 43. The deadline of 31 July 2010 for the submission of the consolidation packs to auditors was met. However, the audit certification deadline of 1 October 2010 was not achieved, due to a delay by Council staff in posting all of the agreed audit adjustments into the WGA to ensure consistency with the audited financial statements. The audit certificate for the WGA was signed on 4 October 2010. Further comments on this will be provided in our Year-end Management Letter to finance staff, in order to ensure that adequate resources are put in place to meet this deadline in the future.

International Financial Reporting Standards (IFRS)

- 44. International Financial Reporting Standards (IFRS)-based financial instrument standards were adopted in the 2007 SORP. The 2009 SORP adopts the IFRS based approach to accounting for Public Finance Initiative (PFI) / Public Private Partnership (PPP) schemes from 2009/10. The SORP has been applied in accounting for the Council's 3Rs project, the first school became operational in 2009/10 and therefore a prior year adjustment was not required.
- 45. An IFRS-based Code of Practice on Local Authority Accounting has been prepared, which replaces the SORP from 2010/11 when local authorities and joint boards are required to fully adopt IFRS. The Code applies from 1 April 2010 and will bring about numerous significant changes to the Council's 2010/11 accounts.
 - R1 The Head of Finance and his team should ensure the necessary arrangements are in place to fully comply with the IFRS-based Code of Practice on Local Authority Accounting, which replaces the SORP and applies from 1 April 2010.
- 46. Authorities will need to restate 2009/10 comparative information onto an IFRS basis, and disclose a restated 1 April 2009 IFRS-based Balance Sheet. The Council is currently considering the impact of lease data received in late summer 2010 before finalising the work for a restated opening Balance Sheet at 1 April 2009. Work has commenced on the restatement of the 2009/10 financial statements, with ongoing support being provided by external advisers. We will review the restatement work in due course and report our findings at an early stage.

PFI/PPP

47. Our audit testing confirmed that the Council's accounts made the appropriate SORP disclosures for the 3Rs PFI/PPP project and have taken into account the 2009 SORP changes. Some audit adjustments were made to the figures in the draft financial statements. Further details were included in our ISA 260 report.



Valuation of Council dwellings

- 48. The IFRS-based Code of Practice requires council dwellings to be valued according to Existing Use Value for Social Housing (EUV-SH) as defined by the Royal Institution of Chartered Surveyors (RICS). RICS do not specify or recommend any one particular valuation to achieve a EUV-SH valuation. Generally two particular methodologies appear to be adopted in practice, Discounted Cash Flow (Income stream) and Beacon Approach (Adjusted vacant possession). The Council's dwellings are currently valued on an Existing Use Value Social Housing basis using the Beacon Approach. The Council are currently reviewing the methodology adopted.
- 49. At a meeting on 16 August 2010 it was agreed that Local Authority (Scotland) Accounts Advisory Committee (LASAAC) would issue guidance requiring the use of a Beacon approach by 2015/16 at the latest. The guidance has now been issued and any review by the Council of the methodology adopted should take cognisance of this guidance.

Review of significant trading operations (STOs)

- 50. In accordance with the requirements of the Local Government in Scotland Act 2003 (the Act) the Council assessed its trading activities and determined that it had six Statutory Trading Operations (STOs). The results of the STOs are disclosed in the Council's Income and Expenditure Account and associated notes.
- 51. Five of the six STOs have met their three-year break-even target. Letting of industrial, commercial and other properties made a deficit in both the current and prior years which has resulted in it failing to meet the three-year break-even target. This is due to exceptional charges in respect of revaluation of specific investment properties over the past three years. These charges were required due to the changes in the 2007 SORP relating to Revaluation Reserves, whereby any reduction in value must be charged to the Income and Expenditure Account unless there has previously been a credit to the Revaluation Reserve for the same property. For further comment see paragraphs 71 to 73.

Financial Reporting Standards (FRS) 17 Pension costs

52. The Council included the appropriate disclosures in the accounts for FRS 17 pension fund liabilities including a non-adjusting post balance sheet event note to the accounts which reported the move from the retail to consumer price index as a basis for future public pension increases announced in the Emergency Budget in June 2010. This is expected to result in reduced pension liabilities in future years. For further comment see paragraphs 95 to 101.

Financial instruments

- 53. In accordance with the requirements of the 2009 SORP the Council made the appropriate accounting entries and disclosure notes in the accounts relating to financial instruments.
- 54. Further details of all the disclosures for financial instruments are included in note 13c to the Balance Sheet on pages 45 to 47 and in the Financial Instruments Disclosure Notes on pages 100 to 105. The fair values of all financial instruments have been disclosed in these notes based on information provided by the Council's professional advisers Sector.
- 55. In calculating the fair value of the Public Works Loan Board (PWLB) loans, Sector used the discount rates for new borrowing as per rate sheet number 063/10. The PWLB has also provided figures, calculated by reference to the "premature repayment" set of figures at 31 March 2010. This is significantly different from the Sector figures as follows:

 Sector
 £392.623 million

 PWLB
 £415.528 million

 Difference
 £ 22.905 million

The SORP and statutory guidance do not state which rates are to be used for calculating the fair values of this type of loan, therefore either method is deemed acceptable.



Group accounts

56. The SORP requires authorities to prepare a full set of group accounts in addition to its single-entity accounts where there is an interest in other entities (excluding the Pension Fund). The Council has prepared group accounts in accordance with these requirements and note 4 to the Group Accounts details its interest in other entities and the basis of consolidating the results within the Council's group accounts.

Trust Funds

- 57. Discussions have been ongoing for some time between the Office of the Scottish Charity Regulator (OSCR) and LASAAC regarding the staged application of the Charities (Scotland) Regulations 2006. These discussions are continuing and until they are concluded it is recommended that local authorities continue to make disclosures in respect of trust funds that are consistent with previous years. The disclosure requirement in the SORP, in respect of trust funds, is not included in the Code. However, failure by local authorities to disclose details of the nature and amount of trust funds in their accounts would necessitate the preparation and audit of separate accounts for charities in order to satisfy the requirements of section 106 of the Local Government (Scotland) Act 1973.
 - R2 Pending the outcome of discussions with OSCR the Council must decide between making the appropriate trust fund disclosures in the 2010/11 accounts and making arrangements for the separate audit of these funds.
- 58. In April 2010 the Office of the Scottish Charity Regulator (OSCR) wrote to LASAAC providing feedback on the 2008/09 submissions to OSCR for all Local Authorities. The feedback assessed submissions, which look at more than just the accounts information, against four categories; fully compliant (no councils achieved this grade), above average (10 councils), average (12 councils) and below average (8 councils). The Aberdeen City submissions fell within the "below average" band. The letter identifies that OSCR expect clear progress to be demonstrated by authorities. The 2009/10 information is due for submission by 31 December 2010.
 - R3 Officers and Trustees should consider how the trust fund information submitted to OSCR can be revised to achieve improvement.

Pension Fund

- 59. The Scottish Public Pensions Agency (SPPA) has issued Local government pension scheme circular 5/2010 The Local Government Pension Scheme Amendment (Scotland) Regulations 2010. The main purpose of the amendment regulations is to add to The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 a new requirement for administering authorities to prepare a pension fund annual report from 2010/11.
- 60. Under current arrangements, the audit of pension fund accounts forms part of the audit of the administering Council's accounts, and the audit opinion covers both the Council's own accounts and the pension fund accounts. The new pension fund annual report will contain accounts prepared in accordance with proper practices, and it is proposed that these accounts will be subject to a separate audit. As such, the pension fund accounts will no longer be set out within the Council's main accounts. The Scottish Government has issued a consultation paper on this proposal. It is proposed that the new requirements would apply from 2010/11.



R4 Pending the outcome of Scottish Government consultation the Council should make the necessary preparations to publish a pension fund annual report by 1 December following the year end. In preparing and publishing the annual report, the Council is required to have regard to guidance issued by the Scottish Ministers.

Legality

61. Throughout our planned audit work we consider the legality of the Council's financial transactions. In addition the Head of Finance confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the Council's management team, the financial transactions of the Council were in accordance with relevant legislation and regulation. There are no additional legality issues arising from our audit which require to be brought to members' attention.

Financial reporting outlook

- 62. A number of changes in financial reporting are expected to apply from 2010/11 and beyond
 - Full compliance with IFRS will be required
 - Charity accounts. Pending conclusion of discussions with OSCR, the Council will need to make a choice between making the appropriate trust fund disclosures in the 2010/11 accounts and making arrangements for the separate audit of these funds
 - Valuation of council dwellings. LASAAC has agreed to issue guidance requiring the use of a Beacon approach by 2015/16 at the latest. As the Council currently uses this approach any review of approach should take cognisance of this guidance.
 - Pension funds. Pending the outcome of Scottish Government consultation the Council should make the necessary preparations to publish a pension fund annual report by 1 December following the financial year end. In preparing and publishing the annual report, the Council is required to have regard to guidance issued by the Scottish Ministers.



Financial position

- 63. As reported in the Income and Expenditure Account for 2009/10 the Council's net operating expenditure of £485.163 million exceeded the income from government grants and local taxation, resulting in a deficit for the year of £42.773 million (2008/09 deficit of £47.904 million). After the necessary statutory and non-statutory accounting practices adjustments to the General Fund movements for the year, this resulted in an increase of £5.684 million for the year (2008/09 increase of £7.617 million), increasing the General Fund balance carried forward to £37.735 million as at 31 March 2010. A total of £8.578 million of this balance relates to the Housing Revenue Account (HRA).
- 64. For statutory accounting purposes the HRA balance requires to be included as a ring-fenced amount within the General Fund balance, albeit that for internal and budget purposes the Council treats the HRA and the General Fund separately. The HRA Income and Expenditure Account reported a surplus for the year of £7.361 million (2008/09 surplus of £10.508 million). The final outturn for 2009/10, after the necessary adjustments to the HRA movements was an increase of £2.087 million in the HRA balance for the year to £8.578 million at 31 March 2010 (2008/09 £6.491 million).

Financial performance

- 65. Financial performance for 2009/10 is measured against the financial budget set by the Council in February 2009 (and subsequent approved amendments). In this regard the Council reported an operational under-spend against budget for the financial year of £8.730 million.
- 66. When the budget for 2009/10 was approved, it was anticipated that there would be a £0.275 million use of reserves and balances during the year. The base budget spend of £438.736 million, set on 12 February 2009, was increased as a result of adjustments to Revenue Support Grant, commitments brought forward from 2008/09 and other expenditure approved by the Council during the year. As a result of these adjustments the base budget increased to £455.152 million, with an anticipated use of reserves and balances of £15.766 million.
- 67. The audited financial statements report that the General Fund balance, excluding the HRA balances, increased by £3.597 million. This improved position of £19.363 million against budget can be broken down into three main elements:
 - Operational budget surplus of £8.730 million
 - Exceptional item relating to VAT recoveries of £6.125 million
 - Consent to borrow funds of £4.508 million for revenue purposes
- 68. During 2009/10, the Council closely monitored its expenditure to ensure that financial pressures were managed as effectively as possible. This was achieved through monitoring at an operational level, through the Service Committees, and at a corporate level, through the Finance and Resources Committee, where alternative savings were achieved where possible to partially offset overspends. Further details on the final outturn position can be found in the Explanatory Foreword to the audited financial statements.
- 69. As part of the forthcoming Spending Review being undertaken across the UK, public bodies throughout Scotland are currently engaged in a detailed review of their finances in anticipation of significant cuts in public spending. The North East Chief Executive's Forum are meeting regularly to share thinking and to try to ensure that the interdependencies between financial and service reductions made by the individual organisations are understood and recognised.



70. In setting it's 2010/11 Budget, the Council committed to make all the necessary arrangements, including the commencements of a priority based budgeting approach, to achieve a balanced budget for 2011/12 and future years. Work is now almost complete in developing a fully costed 5-year Business Plan for 2011/16, built on priority based budgeting principles. Consultation has taken place with partners across all sectors through a series of briefings and workshop sessions. A series of engagement events and briefings have also been scheduled for the general public to ensure that as many people as possible get the chance to have their say. The Business Plan will be brought to the Finance and Resources Committee in December 2010 for consideration.

STOs

- 71. All STOs are projecting to produce a surplus in 2010/11 which would, if achieved, ensure that the rolling three-year breakeven target will be met in 2010/11.
- 72. During 2009/10, the Council undertook a review of its Trading Services, and updated members of the Finance and Resources Committee of the initial outcome of the on-going review in May 2010. The Committee approved the change in classification of the Catering (School), Catering (Other) and Building Cleaning Services, from Statutory Trading Services to General Services with effect from 1 April 2010, and instructed that future service re-design work takes into consideration the impact of maintaining Statutory Trading Accounts. These changes in classification do not impact on the six STO's disclosed in the financial statements as they are all from the "Non Significant" category.
- 73. The implementation of IFRS from 2010/11 changes some of the accounting policies that are applied in determining revenue and expenditure. LASAAC guidance states that it is inappropriate to re-state the 2008/09 and 2009/10 figures onto an IFRS basis when determining whether the three year breakeven target has been met in financial year 2010/11, as this would retrospectively change the statutory targets for these years. By not restating figures for financial years 2008/09 and 2009/10 the three year data will consist of two financial years of old SORP (UK GAAP) basis data and one year of Code (IFRS) data for 2010/11. It has been agreed that presentation of the three year calculation amount should explicitly state this to be the case.

Group balances and going concern

- 74. The Group's net operating expenditure of £503.933 million exceeded the income from government grants and local taxation, resulting in a deficit for the year of £61.543 million (2008/09 £72.240 million).
- 75. The Group Balance Sheet shows the Total Assets less Liabilities to be a net asset position of £566.672 million at 31 March 2010 compared with the Council's single entity Balance Sheet net asset position of £898.626 million. The material decrease of £331.954 million, is mainly due to the Share of the Net Liabilities of Associates including the Council's share of the pension liabilities of the Joint Boards. These have been accounted for under FRS 17 'Retirement Benefits' in accordance with the SORP.
- 76. All group bodies' accounts have been prepared on a going concern basis as pension liabilities will be funded as they fall due through a combination of employee and employer contributions, government grants and council tax.



Capital expenditure

- 77. Gross capital expenditure on the Council's fixed assets for 2009/10 amounted to £197.469 million of which £48.738 million was spent on the Council Dwellings and includes £94.976 million for the 3Rs project costs. Further details of the split of capital expenditure, together with an analysis of how the expenditure was financed, are included in Note 1 within the financial statements.
- 78. The gross capital budget for 2009/10 was £117.837 million, split £66.090 million General Fund and £51.747 million HRA. This was under-spent by £13.732 million, £10.723 million General Fund and £3.009 million HRA. The General Fund slippage was principally due to reprofiling of spend on corporate accommodation and delays in agreeing costs in relation to waste disposal. Slippage with the HRA was principally due to delays in projects involving structural repairs due to lack of in-house staff and suitable contractors being available to take these projects forward.
- 79. A paper to the Finance and Resources Committee in September 2010 advised that the 2010/11 approved capital programme of £108.500 million was unsustainable. The Head of Finance has confirmed that the Council has made revenue provision for capital expenditure of only £69 million. The Finance and Resources Committee was asked to confirm the Capital Programme for 2010/11 at £69 million and that all appropriate measures be put in place to ensure the Programme remains within the revenue supported funding limits.
- 80. The above proposals will result in approximately £39 million of capital expenditure moving into 2011/12. The Finance and Resources Committee report notes that this re-profiling of expenditure could mean that many projects already identified may not be deliverable. For further comment see paragraph 105.

Efficient Government

- 81. All public sector bodies in Scotland are involved with the Scottish Government's Efficient Government initiative. The initiative is designed to achieve cash and time-releasing savings over a three-year period through elimination of waste, bureaucracy and duplication.
- 82. For 2008/09 to 2010/11, no specific targets have been set for individual authorities, but the Scottish Government identified a target for efficiency savings of 2% across the public sector. The Council recognises that it must strive for and achieve continuous improvement to its services, measurable year on year. It has carried out work on various topics including the adoption of new technology, developing staff and the organisation's capabilities, closer working together with partners and rigorously challenging how it works.
- 83. In 2009/10, the Council has reported £10.576 million cash releasing savings, which is in excess of the national 2% annual target set for local authorities by the Scottish Government. These savings have been achieved in a number of areas, as detailed in the Council's report to the Scottish Government, the most significant of which are:
 - clear and strong management of placements and options for children requiring additional support resulted in significant savings being achieved
 - savings were achieved against a variety of commodities, driven by the Central Procurement Unit
 - through service redesign, linked to individual needs, there have been cost reductions achieved in Social Work, Learning Disability Services, resulting in a reduction in high cost care packages
- 84. Many of the improvement initiatives carried out in earlier years will continue to deliver efficiency gains in financial year 2010/11. The Council also has a detailed plan to achieve efficiencies in 2010/11 and beyond.



Reserves and balances

85. All Councils hold reserves which consist of earmarked amounts set aside to support future years' expenditure and contingencies for unexpected events or emergencies. At 31 March 2010 the "cash-backed" fund balances and reserves held by the Council totalled £44.319 million (at 31 March 2009 - £39.281 million). Table 1 details the balances and movements on these reserves. The Capital Adjustment Account, the Financial Instruments Adjustment Account, the Revaluation Reserve and the Pensions Reserves are specific accounting reserves and have been excluded as these are not "cash backed" reserves.

Table 1 - Fund balances and reserves

Fund balances and reserves	2010	2009	Movement
	£m	£m	£m
General Fund	29.157	25.560	3.597
Housing Revenue Account	<u>8.578</u>	6.491	<u>2.087</u>
General Fund balance	37.735	32.051	5.684
City Improvement Fund	0.338	0.380	(0.042)
Lord Byron Fund	0.005	0.005	Ò
Capital Fund	5.121	5.026	0.095
Insurance Fund	<u>1.120</u>	<u>1.819</u>	(<u>0.699)</u>
Other Funds and Reserves	6.584	7.230	(0.646)
At 31 March	44.319	39.281	5.038
	=====	=====	=====

- 86. Commitments against the General Fund balance, excluding HRA total £18.229 million leaving an uncommitted balance at 31 March 2010 of £10.928 million. Commitments against the HRA balance total £3.052 million leaving an uncommitted balance of £5.526 million. The overall total uncommitted balance is £16.454 million.
- 87. The uncommitted General Fund reserve balance excluding HRA, of £10.928 million represents 2.5% of the net revenue budget for 2010/11 and is within the Council's approved limits.

Treasury management

- 88. The Local Government Investments (Scotland) Regulations 2010 were approved by the Scottish Parliament on 10 March 2010 and came into force on 1 April 2010. The Regulations permit local authorities and boards to make investments subject to them obtaining the consent of Scottish Ministers. Finance Circular 5/2010, issued by the Scottish Government on 1 April 2010, provides the general consent of Scottish Ministers and sets out the requirements attached to the consent.
- 89. The consent requires authorities to invest in a way that minimises the risk to the capital sum and optimises the return on the investment consistent with those risks.
- 90. Authorities are required to prepare an Annual Investment Strategy (the Strategy) before the start of the financial year and an Annual Investment Report (the Report) within six months of the financial year end. The consent specifies minimum requirements for these two documents. There should also be a mid-year review.
- 91. Under the Local Government (Scotland) Act 1973, an authority is permitted to delegate functions to committees, with the exception of setting the council tax and borrowing money. The Investment Regulations extend these exemptions to include the approval of the Strategy and Report.



- 92. Scottish Ministers recommend that the Strategy and Report are also considered by an appropriate committee / scrutiny body. The Council has agreed that scrutiny of treasury management decisions and performance should be undertaken by the Finance and Resources Committee.
- 93. The Council's Investment Strategy for 2010/11 to 2012/13 was approved by the Finance and Resources Committee at its meeting on 17 June 2010. This is not in line with the above, as no approval has been sought from the full Council.
 - R5 In future the Annual Investment Strategy, the Annual Investment Report and the mid-year review should be presented to the Council for approval.
- 94. In the event that an authority makes an investment which is not listed as a permitted investment in their annual Investment Strategy, that investment will not be made in accordance with the Consent and as such will be *ultra vires*.

Pensions

- 95. Accounting for the costs of pensions presents a difficult challenge for councils. The amounts involved are large, the timescales long, and the estimation process is complex involving many areas of uncertainty that are the subject of assumptions. FRS 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future.
- 96. The Council participates in two pension schemes on behalf of its employees: the Scottish Teachers' Superannuation Scheme (Teachers) administered by the Scottish Government and the Aberdeen City Local Government Pension Scheme (LGPS) for which Aberdeen City is the administrating authority. Both schemes provide members with defined benefits related to pay and service.

FRS 17 Pension costs

- 97. The Council disclosed the FRS 17 requirements for the LGPS. The Teachers' scheme is an unfunded scheme which is excluded from the accounting requirements of FRS 17 as it is a national scheme that cannot separately identify the pension liabilities of the individual contributing bodies.
- 98. The Council's pension liabilities at 31 March 2010, estimated by the Actuary, exceeded its share of pension scheme assets by £299.732 million (2008/09 £215.887 million). The net pension liability in the Balance Sheet has increased by £83.845 million (39%) during 2009/10. One of the main components of the increase is the rate applied by the actuary for discounting scheme liabilities. The rate applied is linked to corporate bond rates, which mainly relate to large financial institutions such as banks. In 2007/08 and 2008/09 banks were offering higher interest rates than normal to attract buyers of these bonds.
- 99. In 2009/10, some banks have withdrawn from the corporate bond market and returns from these bonds are now based on large commercial organisations and rates now reflect the current economic climate. The impact in this change in the discount rate has a multiplier effect when the inflation rate is taken into account. While rates in 2008/09 had a beneficial effect on the future liabilities, for 2009/10 the decrease in the discount rate was a significant component in the £83.845 million movement in the net pension liability.
- 100. The calculation of current service cost for pension benefits earned is based on the discount rate at the start of the year. Therefore current service costs in 2009/10 have not been affected by the change, at 31 March 2010, in the corporate bond rates used to estimate the current value of pension liabilities. The change in rate will however affect the reported current service costs of pensions in 2010/11 which are therefore likely to be higher than those reported for 2009/10.



101. The move from the retail to consumer price index as a basis for future public pension increases announced in the Emergency Budget in June 2010, is expected to result in reduced pension liabilities in future years (see paragraph 52). Note 18 on page 52 of the accounts estimates the reduction to be between 6% and 8%.

Financial planning

- 102. In 2010/11, the Council again froze the Council Tax in accordance with the concordat with the Scottish Government. However, there is uncertainty about the continuation of arrangements supporting the Council Tax freeze. The Council will consider all available options once the announcement on the Scottish local authority financial settlement is made.
- 103. The key risk for the Council for future years will be to manage within the available budget. In setting the 2010/11 Budget, the Council approved a range of savings and costs reductions of £25 million, in order to achieve a balanced budget. A base budget spend of £445.706 million for 2010/11 was approved on 11 February 2010, which budgeted to increase the General Fund balance by £3.571 million.
- 104. In his report "Revenue Budget 2010/11 Budget Monitoring" to the Finance and Resources Committee on 28 September 2010, the Head of Finance reported a projected outturn at the end of the year as a reduction in the General Fund balance of £0.8 million. As the budget had been set to increase the General Fund balance, this would represent an adverse movement against budget of £4.4 million. Uncommitted General Fund balances at the year-end would then be £10.5 million, which is below the recommended balance of £11.2 million that the Council has previously set, which is defined as between 2.5% and 3% of the net revenue budget.
- 105. The most significant variance in this report is under the Corporate Budgets heading, where an estimate has been included for additional sums which may be required to cover further capital financing costs in the current year. The funding currently available for capital expenditure is less than the full capital programme and there are continuing risks that the necessary slippage to prevent overspending will not be achieved.

People management

- 106. The Council's Corporate Workforce Strategy, Peoplefirst, informed the Interim Business Plan 2010-13 approved in December 2009. Staff were consulted in the development of this plan. The Interim Business Plan sets out a number of local priorities which are aligned under the national outcomes set by the Scottish Government as part of the National Performance Framework.
- 107. One of the local outcomes included in the Interim Business Plan is the aspiration to have "...a flexible, skilled and motivated workforce". In order to deliver this outcome the Council has set out three improvement actions as follows:
 - To develop a flexible Corporate Workforce Plan which aligns the Council's workforce with available resources and Council priorities
 - To ensure that effective succession planning is in place
 - To review the range of skills on a service by service basis to make sure that there are high skilled and motivated employees.



108. Work is still ongoing to progress these improvement actions. In addition, work to develop a new 5-year costed Business Plan is almost complete and staff have been given the opportunity to engage with the development of this plan providing them with an opportunity to influence the way that the Council delivers services in the future through the introduction of new ways of working.

Asset management

Asset Management Plans

- 109. The Council's first Property Asset Management Plan was approved by Committee in June 2009. An update to this plan was reported to Finance and Resources Committee in September 2010, identifying key areas of progress since 2009 along with highlighted areas for development. The objectives and priorities have been amended slightly to reflect the priority based budgeting project and the Council's 5-year Business Plan.
- 110. Service Asset Management Plans are now being drafted, with the completion of this work targeted for the end of November 2010.
- 111. The Council continues to work closely with its public sector partners through the Public Sector Property Group. A shared database is now in place to allow partners to see the location of all public sector assets as well as the key property information associated with them.

Corporate Asset Management System

112. The Council is currently implementing a Corporate Asset Management System (CAMS) to replace stand alone systems such as Bridgeman for Bridges and Structures and HiLight for Street lighting. An update on the progress with implementation was presented to the Finance and Resources Committee in September 2010.

Procurement

- 113. The Public Procurement Reform Programme aims to drive continuous improvement in public sector procurement and to deliver value for money and increased efficiency through improved structures, capability and processes. In 2009, the Scottish Government promoted the use of an annual procurement capability assessment (PCA) to assess procurement performance in public sector bodies and as a basis for the sharing of best practice and continuous improvement.
- 114. In late 2009, all 32 Scottish councils took part in the first round of PCA assessments of their procurement activites to determine capability against the pre-determined criteria. The assessments were conducted and carried out by Scotland Excel. Each council was scored and placed in one of four clearly defined performance bands, in line with the recommendations in the McClelland report. These performance bands were 0 Non-conformance, 1 Conformance, 2 Improved performance and 3 Superior performance.
- 115. The overall procurement status assessment by Scotland Excel scored the local government sector in Scotland as non-conformant with an average compliance score of 22.6%. This placed Scottish local government, as a whole, near the top of the 0 Non-Conformance band. The score for the Central Procurement Unit (CPU), shared by the Council and Aberdeenshire Council, was significantly higher than the Scottish local government average at 42% compliance, which placed the CPU within performance band 1 Conformance.



- 116. In December 2009 the Council agreed to take part, along with all other Scottish councils, in a procurement improvement programme designed around the outcomes from the PCA assessment. This improvement programme focuses on 5 key workstreams:
 - The role of procurement in the organisation
 - Getting the right people doing the right things
 - Adoption of a strategic approach to sourcing
 - Embedding new systems and processes
 - Conformance
- 117. The improvement actions arising from the initial PCA assessment were integrated into the Joint Procurement Strategy 2008/2011. The follow up PCA assessment has recently been completed. This provides confirmation of the progress made by the CPU to improve compliance with an increased compliance score of 51%. This places the CPU in performance band 2 Improved performance.

Outlook

118. Along with other councils, Aberdeen City Council is facing up to the prospect of having to make significant budget savings. At the same time as the Council aims to support the local economy and provide best value services, it is likely to face a severe reduction in resources. The Council needs to continue to plan for reduced resources over the medium term and make decisions to deliver cost reductions in a managed way.



Corporate governance and internal control arrangements

- 119. The Council's Local Code of Corporate Governance was last revised and updated in 2006. Due to the changes made to the Council's decision making and management structures, and Standing Orders, a refreshed Local Code is currently being developed. Regular reports have been provided to the Corporate Policy and Performance Committee on this, with the most recent stating that a revised Code will be brought to the Committee on 25 November 2010. Structured around the six principles advocated by the Society of Local Authority Chief Executives (SOLACE) and Chartered Institute of Public Finance and Accountancy (CIPFA), the revised Code will reflect the many changes made within the Council's governance arrangements since May 2008.
- 120. The Council undertook a review of its Standing Orders during 2009 to take into account the new management and committee structure, as well as addressing a number of issues raised by members since the 2007 revision. As part of this review, it was agreed to have separate, stand alone documents for the following, rather than being part of the main standing orders:
 - Finance
 - Contracts and Procurement
- 121. Revised Standing Orders were approved by the Council at its meetings of 30 September and 18 November 2009.
- 122. When the Council approved the new committee structures in June 2009, it was agreed that a review would be undertaken six months after its introduction in August 2009, particularly in relation to the operation of the Finance and Resources and Corporate Policy and Performance Committee. A review was undertaken in March 2010 at which time the Council agreed to revert the Committee cycle back to being one of eight weeks rather than six. It also agreed to continue with the present committee structure, with the exception of the Budget Monitoring Board, where it was agreed that this should now be disbanded as its remit is now covered by the Finance and Resources Committee.
- 123. The current Chief Executive has resigned and is due to leave the Council in early 2011. The Appointments Panel has met to agree the job description, person specification and remuneration package and the post has now been advertised. The appointment is expected to be made by the end of November 2010.

Annual governance statement

- 124. In our 2008/09 Report to Members we noted that in Scotland there is no statutory requirement for local authorities to conduct an annual review of the effectiveness of their system of internal control and prepare an Annual Governance Statement, as there is for bodies in England and Wales. However, authorities in Scotland are encouraged to produce one on a voluntary basis. The CIFPA/ SOLACE revised framework, "Delivering Good Governance in Local Government", which is reflected in the 2009 SORP, represents a change in the available good practice and recommends that the annual review of internal controls should be reported in an Annual Governance Statement.
- 125. In the 2009/10 financial statements, the Council has published a single Annual Governance Statement, based on the CIPFA/ SOLACE Framework. In general, this Statement adopts the main elements of good practice. There are, however, some areas which need further development and these have been discussed with officers and will be included within our Year-end Management Letter for action.



126. Although we are not required to audit compliance with the Council's Code we reviewed the statement and the Council's processes to inform our view of the governance arrangements in place. We are satisfied that the Council has identified the key areas where work is still required to ensure full compliance with the Code.

Reliance on Internal Audit

- 127. To minimise audit duplication we liaise with Internal Audit during our planning to identify areas of their work that we can place reliance on. For 2009/10 we agreed to place reliance on work covering a number of areas.
- 128. Due to the limited resources available within the Council's Internal Audit function, an external firm was appointed to carry out specific projects within the 2009/10 Audit Plan. Following review of the files relating to each of the reports we concluded that we could place reliance on the work and findings of Internal Audit.
- 129. Following an option appraisal, to assess the Best Value means of delivering the Internal Audit function, the Audit and Risk Committee agreed to fully outsource the service. Following a tender process an external firm of accountants were formally appointed as internal auditors in April 2010.

Prevention and detection of fraud

- 130. As external auditors we are required to consider the arrangements made by management for the prevention and detection of fraud and irregularities.
- 131. At a corporate level, the Council has appropriate arrangements in place to help prevent and detect fraud and irregularity. These arrangements include, for example, an anti-fraud and corruption strategy, a whistle blowing policy and codes of conduct for elected members. Overall we concluded that arrangements were generally satisfactory to prevent and detect fraud and other irregularities.
- 132. We are required to have arrangements in place to be notified of all frauds over £5,000 and to submit reports to Audit Scotland. No such frauds were reported during 2009/10 other than those identified through the National Fraud Initiative (NFI) and fraud specific to Housing and Council Tax benefit.

National Fraud Initiative

133. During 2009/10 we continued to monitor the Council's participation in the NFI 2008/09. The exercise is undertaken as part of the audits of the participating bodies. NFI brings together data from Councils, Police and Fire and Rescue Boards, Health bodies and other agencies to help identify and prevent a wide range of frauds against the public sector, including occupational pension fraud and payroll fraud. Almost all of the data matches uploaded to the NFI secure website in February 2009 have been investigated and the outcomes recorded on the NFI web application. Only 24 of the 3319 matches processed are still classified as in progress. A total of 30 frauds and 166 errors were identified with a combined value of £242,141 and the Council is taking steps to recover a total of £218,495 of this amount covering 189 cases. The Council was one of 14 Scottish local authorities which took the decision not to provide the necessary information to enable participation in the mid-cycle Council Tax matches in March 2010.



- 134. In February 2010 we submitted an NFI return for the Council to Audit Scotland. This return summarised the progress made by the Council in relation to the NFI 2008/09 exercise and assessed whether the approach adopted was in line with the NFI handbook for Scotland issued in June 2008. Our return confirmed that there were no issues arising from our review of the Council in relation to the NFI 2008/09 exercise and concluded that overall the Council's arrangements for NFI were adequate.
- 135. The information on the return was used by Audit Scotland to inform the national report for the Auditor General and the Accounts Commission on the National Fraud Initiative in Scotland 2008/09 which was published in May 2010.
- 136. The Council is required to make adequate arrangements for the upload of the specified data for the 2010/11 NFI exercise in October 2010. We have obtained assurances from the Council's nominated NFI contact that arrangements will be put in place to provide the necessary data in line with the guidance issued by Audit Scotland. We will continue to monitor the steps taken by the Council as the 2010/11 NFI exercise develops.

Housing benefit/Council Tax benefit

- 137. Audit Scotland took over the inspection responsibilities of the Benefit Fraud Inspectorate in Scotland in April 2010. A specialist team is carrying out a programme of risk assessments of benefits services in all councils over a two year period.
- 138. The Council's risk assessment took place in November 2009. The Audit and Risk Committee were advised of the report conclusions in January 2010. This report found that the benefits service had improved performance year on year on new claims and change events speed of processing, Housing benefit overpayment recovery and handling requests for reconsiderations.
- 139. The report recommended that to ensure optimum effectiveness, efficiency, economy and equality of treatment, the Council needs to review and extend its current quality checking programme and similarly review the working practices and resourcing of its benefit fraud team. An action plan to address and minimise the risks was included with the submission to the Audit and Risk Committee in January 2010.
- 140. We audit the Council's subsidy claim form each year in accordance with guidance and instructions provided by Audit Scotland and the Audit Commission, using the HB count methodology. In both 2007/08 and 2008/09 the application of this methodology identified a number of errors that will potentially give rise to subsidy clawback. The subsidy work for 2009/10 is currently ongoing and an estimate of the potential clawback for this year, together with the outstanding settlements for the previous two years, has been provided for in the Council's accounts.
- 141. We believe that the Council could further reduce the number of errors and potential clawback by extending its current quality checking programme in line with Audit Scotland's report.



Outlook

- 142. Maintaining effective governance arrangements in a period of potential significant change will be a challenge which we will monitor as part of our 2010/11 audit.
- 143. The Council is required to make adequate arrangements for the upload of the specified data for the 2010/11 NFI exercise in October 2010 and we will continue to monitor the steps taken by the Council as the 2010/11 NFI exercise develops.
- 144. Progress with the Council's action plan from Audit Scotland's risk assessment and report will be noted for our 2009/10 and 2010/11 Housing benefit / Council Tax benefit subsidy claim work and our 2010/11 Financial Control Evaluation work.



Performance management

- 145. The Audit of Best Value and Community Planning Progress Report, published in July 2009 recognised that "The council is making steady progress in implementing a corporate performance management process across all services, but still has work to do to introduce an effective performance culture throughout the organisation." Work has continued throughout 2009/10 to further enhance the Council's performance management. This work has been helped considerably by improved clarity in the Council's planning hierarchy with clear linkages from the national outcomes down through the Community Plan and SOA into the Council's Interim Business Plan and then into individual service level Business Plans.
- 146. At the 29 April 2010 meeting of the Corporate Policy and Performance Committee it was agreed that all service committees would receive a quarterly consolidated service performance report which would monitor the following aspects of service performance:
 - all Statutory Performance Indicators, specified and discretionary, which fall within the committee's remit;
 - other Key Performance Indicators which the service and / or the committee deem necessary to manage performance;
 - specifically, data showing actual and projected expenditure on revenue and capital budgets, as well as delivery of agreed savings;
 - progress with actions set out in the relevant Service Business Plan; and
 - the relevant Service Risk Register.
- 147. The purpose of this new service level performance reporting framework is to bring together all the strands of performance monitoring in a consistent and coherent way which will allow managers and elected members to manage performance more effectively. This will be further enhanced by the introduction of exception reporting into the quarterly performance reports to service committees. This approach was approved by the Corporate Policy and Performance Committee on 23 September 2010 and will allow elected members to focus on those issues which require their intervention in order to drive improvements in performance.
- 148. In April 2010 it was also agreed that annual performance reports should be submitted to the Corporate Policy and Performance Committee showing progress and outturns in relation to the SOA, the Council's Corporate Business Plan and all Statutory Performance Indicators. This will allow detailed analysis of year on year performance at community planning partnership, Council and service level.
- 149. The Council has recognised that further work is required to refine the performance measures contained in the Corporate Business Plan and Service Business Plans in order to make them more outcome focussed. This work will complement the work which is ongoing to engage with communities about priorities for the future and to identify customer expectations in terms of service delivery models, quality and charging structures.

Statutory Performance Indicators (SPIs) and performance reporting

150. The SPIs for audit year 2009/10 are defined in the 2008 Direction, (the Direction) given by the Accounts Commission for Scotland under section 1(1)(a) of the Local Government Act 1992. This Direction takes a significant shift in approach from previous years in that the number of specified indicators has been reduced dramatically.



- 151. The revised Direction places the onus on individual Councils to collect, record and publish a range of information, including 25 specified indicators, sufficient to demonstrate that it is delivering Best Value in relation to the corporate management and service performance headings set out in SPI1 and SPI2 in the Direction. Only the 25 specified indicators needed to be submitted to Audit Scotland by 31 August 2010, prior to publication of all the information required by the Direction by 30 September 2010. The change in approach recognises the changing environment in which local authorities are operating including the development of SOAs, increased self-evaluation and an agenda to reduce the overall volume of scrutiny.
- 152. In addition, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers the Council must:
 - publish the information specified in the schedule to the Direction for all those activities which are carried out by the body
 - ensure that publication facilitates the making of comparisons where appropriate and possible with performance in 2008/09
- 153. As set out under the Local Government (Scotland) Act 1973 our duty as auditors of the Council is to be satisfied that the Council "has made adequate arrangements for collecting and recording information, and for publishing it, as are required for the performance of their duties."
- 154. We have placed reliance on the outcome of Internal Audit work included in the 2009/10 plan following discussion and agreement with the former Chief Internal Auditor. The work was reported in internal audit report CG/R/0918 External Management Information/SPIs, in January 2010.
- 155. The scope of the internal audit exercise covered the process for selection of SPIs for 2009/10 and whether improvement targets had been set for the SPIs selected. Internal audit concluded that following the internal consultation process conducted in 2009 the "process for selection of SPIs for 2009/10 had resulted in the implementation of a set of indicators which met the requirements of the Direction issued by the Accounts Commission".
- 156. Auditors are no longer required to formally 'sign off' on the reliability, or otherwise, of SPI information but do retain the option to conduct sample testing on individual indicators. Our review of the draft SPI proforma containing the 25 specified SPIs prepared by the Council took the form of an analytical review designed to highlight year on year variations in reported performance. Our review identified a few areas where additional information was required in order to fully explain year on year variances. However, explanations for the vast majority of variances identified were provided in the comprehensive Analytical Report sections within the SPI proformas prepared by services and collated and checked by Performance Management and Quality Assurance (PMQA) in the Corporate Governance service.
- 157. Two errors were identified in the draft SPI proforma prepared for submission to Audit Scotland. One of these errors was a presentational issue regarding SPI 15a), the Scottish Housing Quality Standard Tolerable Standard indicator, which was amended following discussions with Audit Scotland in order to achieve consistent reporting nationally. This presentational change will also impact on the equivalent 2008/09 figure. The second error related to SPI 23b) on the Cost of Refuse disposal. Both of these errors were corrected by the Council in the final version of the proforma submitted to Audit Scotland before the 31 August 2010 deadline.
- 158. The Council has a statutory duty to publish a range of performance information, sufficient to meet the requirements of the relevant SPI Direction, within 6 months of the end of the reporting period, together with prior year information where this is available. Publication of the outturn performance and analysis on the 2009/10 SPIs was agreed by the Corporate Policy and performance committee on 23 September 2010 and the information was made available to the public through the Council website by the 30 September 2010 deadline.



159. From discussion with management, review of internal audit report CG/R/0918 – External Management Information/SPIs, and review of various reports and publications we have concluded that the Council's arrangements for identifying, defining, checking and recording the 2009/10 SPIs are robust. In addition the Council's processes are sufficient to meet the Council's statutory duties to collect, record and publish a range of information which fulfils the requirements set out in the Accounts Commission's 2008 Direction.

Equality and diversity

160. The Progress and Achievement Group (PAG) is responsible for monitoring and challenging the progress made in taking forward the Council's Single Equality Scheme 2009 – 2012. Recent progress made includes better support and information for front line workers through the use of "Equalities made Simple" guidance, early community engagement in the Council's budget process and the staging of a number of awareness raising events (including Community Planning Fortnight, Holocaust Memorial Day, International Days Against Racial Discrimination, Against Homophobia and International Women's Day).

Sustainability

- 161. The Council's Carbon Management Plan 2010 2015 was agreed and adopted by the full Council meeting on 24 March 2010. In addition, members also agreed that all future capital bids should be accompanied by a calculation showing the carbon impact of the proposed project so that carbon impact can be considered when prioritising capital investment. It was agreed in principle that a Carbon Investment Fund would be created for the purpose of offsetting the impact of the cumulative road and air travel on Council business. It was agreed that a more detailed proposal would be worked up and presented for the consideration of elected members in September 2010. This report is still pending.
- 162. The Head of Asset Management and Operations is now required to prepare an Annual Progress Report to be presented to the Enterprise, Planning and Infrastructure Committee in order to provide an update on progress made to implement the agreed Carbon Management Plan 2010 2015.
- 163. The Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) is a mandatory scheme designed to assist the Scottish Government in achieving its target of reducing carbon emissions by 1.2 million tonnes per year until 2020. Report EPI/09/066, entitled 'Climate Change Commitments and Carbon Reduction Commitment', was submitted to the 26 November 2009 meeting of the Enterprise, Planning and Infrastructure Committee. This report set out the potential implications of CRCEES for the Council and provided details on two national campaigns for climate change namely: 10:10 Commitment and the Prince's May Day Network. The committee agreed that the Council should sign up to both of the national climate change campaigns and instructed the Director of Corporate Governance to keep members apprised of the potential financial implications of the CRCEES as more details became available.
- 164. The Council has registered for the CRCEES and the Director of Enterprise, Planning and Infrastructure is the nominated senior officer. Discussions have been ongoing between the Finance Manager, who is the primary contact for the CRCEES scheme, and the Energy Manager, who is the secondary contact, to identify the financial implications of the CRCEES scheme to inform the calculation of the provisional base budget for future years. There has been no further formal reporting on this topic by the Director of Corporate Governance, since report EPI/09/066.



Single outcome agreement

- 165. The SOA, covering the period from 2009 to 2012, was submitted to the Council in May 2009, and signed by The Aberdeen City Alliance (TACA) and the Scottish Government on 30 July 2009.
- 166. TACA has been in existence since 2002 and was originally chaired by the leader of the Council. It was established as an informal partnership in line with the requirements of the Local Government (Scotland) Act 2003. The governance arrangements for TACA have evolved over that time and have more recently been captured in a constitution and standing orders for the partnership.
- 167. The local outcomes set out within the SOA have been used to inform the content of the Interim Business Plan agreed by the Council in December 2009. In turn, the Business Plans produced for each Service were aligned with the local outcomes set out in the Interim Business Plan. This provides an explicit link between the high-level SOA outcomes and the more detailed service-level outcomes, outputs and activities.
- 168. The 2009/10 SOA recognises the importance of the Fairer Scotland Fund resources as a lever for mainstream funding. However, the Council has recognised that the impending cuts in government funding will have implications for each of the partners in TACA as they seek to deliver the agreed outcomes in the SOA. In particular there is a need to put robust resource planning arrangements in place to ensure that scarce resources are aligned with agreed priorities at partnership level and that this links into the resource allocation process within individual community planning partners. With this in mind a report was submitted to the June 2010 meeting of the Corporate Policy and Performance Committee setting out proposals for a review of Community Planning. It is intended that this review will examine:
 - the different relationship between local and national government and the concordat;
 - the drive and needs for joint service development and collaboration for the delivery of outcomes;
 - the concern for the effective and efficient use of public sector and other resources; and
 - the necessary move to integration of services and the increasing role for active and sustainable communities.
- 169. A paper was presented to the Corporate Policy and Performance Committee in September 2010 reporting the outturn performance and analysis for the measures included within the 2009/10 SOA. Following approval from Committee, this report was them submitted to the Scottish Government in line with the national guidance. As part of the Council's public performance reporting, the report is available through the Council and Community Planning website and a summarised publication will be prepared.

Best value audit

- 170. Audit Scotland's Best Value progress report, published in July 2009, noted that the Council had taken prompt action in implementing plans to address the issues highlighted in the Best Value audit report and the Accounts Commission findings. It noted that the full impact on the action taken to date had yet to flow through; however, the changes to date provide a solid foundation to support ongoing improvements.
- 171. In December 2009, the Council approved an Interim Business Plan for 2010/13. This was intended to be a key link in the chain which would ensure that there was a clear linkage of priorities and objectives from the national level, through the Community Plan and SOA, the Business Plan, Service Plans and individual objectives. Service Plans were also prepared and approved by Service Committees at varying times in early 2010.



- 172. Progress in delivering the Corporate Improvement Plan (CIP), developed following the Audit of Best Value and Community Planning in 2008, was considered in preparing the Interim Business Plan for 2010/13. In December 2009 the Council reported that most of the improvement actions had been completed. The four actions which had not been completed at December 2009 were longer term actions and in order to further embed them in the Council's consolidated improvement agenda the actions were subsumed into the Interim Business Plan.
- 173. The four ongoing CIP actions subsumed into the Interim Business Plan in December 2009 were clearly mapped against the original actions to maintain a clear audit trail. Progress in discharging the CIP will now be reported as an integral part of the Interim Business Plan. A similar approach was adopted for the key improvement actions agreed following the HMIe inspection of child protection arrangements the Social Work Inspection Agency report and the Inspection of the Education Functions of the Local Authority (INEA 2) inspection, together with improvement actions arising from other scrutiny bodies.

Risk management

- 174. The firm of external accountants carried out an Internal Audit review of Risk Management in February 2010, as part of the planned internal audit activity. The scope of this review was to assess the effectiveness of the risk management arrangements and processes for identifying, assessing, and prioritising risk. They also considered the extent to which risk management informs the coordination and economical application of resources to deliver key service objectives and priorities and minimise, monitor, and control the likelihood and impact of events impacting upon Council operations.
- 175. The review recognised that improvements to the risk management process has been made over the past 18 months and the Service registers for Education, Culture & Sport and Social Care and Wellbeing are close to completion. The review highlighted a number of areas for development which would improve the identification, mitigation and management of risks, with eleven recommendations made.
- 176. Further work has been undertaken since the Internal Audit review was carried out, and an update was provided to the Audit and Risk Committee in June 2010. In particular, following the approval of the Corporate Risk Register in December 2009, a review was carried out in March 2010 and the updated Register was submitted to the Committee for consideration. In addition, all Service Risk Registers are now in place and as previously noted are reported quarterly to service committees.

Shared Risk Assessment (SRA)

- 177. Following the publication of the Crerar report in 2007, the Scottish Government agreed to establish a simplified approach to delivering local government scrutiny. A key aspect of this was improved coordination and streamlining of scrutiny. These arrangements mark a fundamental shift away from scrutiny based on standard inspections undertaken on a cyclical basis. A shared assessment of the risk will be undertaken for each Council and planned, proportionate external scrutiny agreed.
- 178. A local area network (LAN) has been established for each Council, comprising representatives of all scrutiny bodies who engage with the Council. The Shared Risk Assessment (SRA) for the Council has been completed and resulting Assurance and Improvement Plan (AIP) details the level of risk which the scrutiny bodies believe exists across the range of the Council's services, and in light of the level of risk, sets down the strategic and service level scrutiny activity which will be undertaken by these scrutiny bodies over the next three years. The AIP for 2010-13 was presented to the Corporate Policy and Performance Committee in June 2010, and thereafter referred to the Audit and Risk Committee in September for interest.



179. Although the first year of the AIP relates to the 2010/11 audit year, we have been gathering information during the 2009/10 audit to inform our 2010/11 work. The AIP noted that we would keep progress with the CIP under review. The position to date is discussed at paragraphs 172 to 173.

National studies

180. Audit Scotland published a number of reports on national studies over the past year. A summary of these reports, together with the Council actions to date, is included at Appendix I.

Outlook

- 181. Specific scrutiny interventions included in the AIP are on-going and this includes the CIP which is noted to be subject to external audit scrutiny on an annual basis.
- 182. Carbon trading. As part of the mandatory CRCEES the Council is obliged to purchase Carbon Certificates, from April 2011 onwards, based on the predicted total carbon weight of emissions for the Council for 2011/12. This will be calculated using a standard government formula to calculate the carbon emissions associated with the Council's electricity and other energy usage (excluding transport). Incentives and penalties will be built into the system to encourage a reduction in carbon emissions. This is a potentially significant new area of cost for the Council, in terms of allowances to be bought, the administration required to draw together all relevant data and the potential civil and criminal penalties in the event of noncompliance. The Council should also take cognisance of the reputational risks associated with the publication of league tables which will show the relative performance of public bodies under CRCEES.



7. Action Plan

1		:	:	
Para ref	Observation and risk	Kecommendation	Managemer	Management response
45	An IFRS-based Code of Practice on Local Authority Accounting has been prepared which replaces the SORP from 2010/11, when local authorities and joint boards are required to fully adopt IFRS. The Code applies from 1 April 2010.	R1 The Head of Finance and his team should ensure the necessary arrangements are in place to fully comply with the IFRS-based Code of Practice on Local Authority Accounting, which replaces the SORP and applies from 1 April 2010.	Urgent action is being taken to address the steps required in order to successfully achieve conversion to the IFRS-based Code.	taken to address the rder to successfully to the IFRS-based
			To be actioned by: Manager	To be actioned by: Corporate Accounting Manager
			No later than: 30 June 2011	e 2011
			5	>
57	Discussions have been ongoing for some time between OSCR and LASAAC regarding the staged application of the Charities (Scotland) Regulations 2006. Until they are concluded it is recommended that local authorities continue to make disclosures in respect of trust funds that are	R2 Pending the outcome of discussions with OSCR the Council must decide between making the appropriate trust fund disclosures in the 2010/11 accounts and making arrangements for the separate audit of these funds.	Pending the outcome of discussions careful consideration will be given to this matter and appropriate action taken in relation to the 2010/11 year end reporting process.	Pending the outcome of discussions careful consideration will be given to this matter and appropriate action taken in relation to the 2010/11 year end reporting process.
	consistent with previous years. The disclosure requirement in the SORP in respect of trust funds is not included in the Code. However, failure by local authorities to disclose details of the nature and amount of trust funds in their		To be actioned by: Corporate Accounting Manager	orporate Accounting
	accounts would necessitate the preparation and audit of separate accounts for charities in order to satisfy the		No later than: 30 June 2011	e 2011
	(Scotland) Act 1973.		Grade	၁



7. Action Plan

Para ref	Observation and risk	Recommendation	Management response	
28	Feedback to LASAAC on the 2008/09 submissions to OSCR by the Council found the Aberdeen City submissions fell within the "below average" band. The letter identifies that OSCR expect clear progress to be demonstrated by authorities. The 2009/10 information is due for submission by 31 December 2010.	R3 Officers and Trustees should consider how the trust fund information submitted to OSCR can be revised to achieve improvement.	Consideration is being given to improving the trust fund information that's submitted and following the completion of work to rationalise the number of trusts then the Council would expect to see significant improvements. For 2009/10 a response to OSCR earlier in the year has described the process by which additional information will be provided for trusts that are not included in the rationalisation.	roving mitted ork to an the inficant ase to ed the on will cluded
			To be actioned by: Finance Manager	
			No later than: 31 March 2012	
09	Under current arrangements, the audit of pension fund accounts forms part of the audit of the administering council's accounts, and the audit opinion covers both the council's own accounts and the pension fund accounts. Under new proposals currently being considered from 2010/11 the new pension fund annual report will contain accounts prepared in accordance with proper practices, and it is proposed that these accounts will be subject to a separate audit. As such the pension fund accounts will no longer be set out within the council main accounts.	R4 Pending the outcome of Scottish Government consultation the Council should make the necessary preparations to publish a pension fund annual report by 1 December following the year end. In preparing and publishing the annual report, the Council is required to have regard to guidance issued by the Scottish Ministers.	The Pension Fund already produces an annual report which is published prior to 1 December each year. The report will be reviewed to ensure it complies with the appropriate LGPS regulations, currently being consulted on, and to be introduced as at 1 December 2011. To be actioned by: Pensions Manager No later than: 31 March 2012 Grade C	es an r to 1 vill be the rrently sed as



Action Plan

Para ref	Observation and risk	Recommendation	Manageme	Management response	
93	The Council's Investment Strategy for 2010/11 to 2012/13 was approved by the Finance and Resources Committee at its meeting on 17 June 2010. This is not in line with the new regulations, as no approval has been sought from the full Council.	R5 In future the Annual Investment Strategy, the Annual Investment Report and the mid-year review considered initially by Finance & Resources should be presented to the Council for approval.	It is proposed that considered initially by Committee, then refe approval.	It is proposed that future reports will be considered initially by Finance & Resources Committee, then referred to Full Council for approval.	
			To be actioned b (Treasury / Capital)	To be actioned by: Senior Accountant (Treasury / Capital)	
			No later than: 31 March 2011 Grade	arch 2011 B	

The grading helps management assess the significance of the issues raised and prioritise the action required to address them. The grading structure is summarised as follows:

GradeA
B
C

Definition
Fundamental issues which require the urgent consideration of senior management
Significant matters which require the attention of line management
Less significant matters, which do not require urgent attention but which should be followed up within a reasonable timescale



8 - Follow-up 2008/09 Action plan

Recommendation	Manageme	Management Response	Update at October 2010
R1. A single Annual Governance Statement should be produced for inclusion within the 2009/10 Financial Statements.	Agreed. Whilst not a statu the aim of the Council to complete such by 30 Jundertaken by the Director	Agreed. Whilst not a statutory requirement it would be the aim of the Council to follow best practice and to complete such by 30 June 2010. This will be undertaken by the Director of Corporate Governance.	A single Annual Governance Statement was included in the Council's financial statements for the period 1 April 2009 to 31 March 2010.
	Grade	В	
R2 . A review should be carried out of the current level of resources and skills mix within the finance team to ensure that they are adequate for the Councils needs.	Agreed. A report for in being presented to Committee on 12 Nover Work is being taken forv requirements to support s accounting needs linked reporting requirements fo will be undertaken by th March 2010.	Agreed. A report for interim/fixed term support is being presented to Finance and Resources Committee on 12 November 2009 as stage one. Work is being taken forward to look at the overall requirements to support services and also corporate accounting needs linked to changes in financial reporting requirements for statutory accounts. This will be undertaken by the City Chamberlain by 31 March 2010.	A new finance structure has been approved following the appointment of the Head of Finance early in 2010/11. This now addresses a number of issues, including capacity, and during November 2010 the work to match staff into posts and make appointments is being undertaken.
	Grade	В	



Report	Publication date	Summary of findings	Aberdeen City Council action
Road Maintenance Follow-up	Late 2010	This report will evaluate the extent to which the recommendations in <i>Maintaining Scotland's roads</i> have been implemented and what has changed as a result. It will provide commentary on improvements, significant developments and the capacity for further improvement. The key objectives are to assess:	Audit Scotland issued a questionnaire in July 2010. The questionnaire was completed and returned to Audit Scotland on 23 August 2010.
		 the extent to which road condition and the size of the maintenance backlog have changed, and the reasons given (including the impact of the severe winter weather during 2009/10) the extent to which recommendations aimed at improving value for money have been implemented the extent to which recommendations aimed at improving the reporting of road condition and maintenance backlog information have been implemented. 	
Getting it right for children in residential care	September 2010	This reports examines how effectively councils use their resources on residential placements for their looked after children and identifies areas for improvement. This work complements the Scottish Government's strategic review of residential child care services in Scotland, conducted by the National Residential Child Care Initiative. (NRCCI).	Given the timing of publication, progress in addressing the issues raised in this report will be followed up as part of the 2010/11 audit.



Report	Publication date	Summary of findings	Aberdeen City Council action
How councils work: an improvement series for councillors and officers – Roles and working relationships: are you getting it right?	August 2010	This report examines how well councillors and officers work together in local government and in particular how well councillors and officers understand their respective roles and responsibilities. It also examines how roles, responsibilities and relationships between councillors and officers contribute to achieving best value (improving services, better outcomes for local people and value for money).	This report was considered by the Corporate Management Team in September 2010. The Council's governance arrangements are currently being reviewed and Arms Length Management Organisations will be included as part of this work. The Councillors' Code of Conduct is also currently being revised. The assessment tool included within the report is to be incorporated as evidence within the Council's self-evaluation arrangements.
The National Fraud Initiative in Scotland	May 2010	This report sets out the results of the 2008/09 NFI exercise, which involved 74 bodies, including councils, police forces, fire and rescue services, health boards, the Scottish Public Pension Agency and the Student Award Agency for Scotland.	The progress made by the Council in completing the checklist contained in the national report will be followed up with the NFI lead contact at a meeting scheduled for 11 November 2010.
Improving public sector efficiency	February 2010	This report provides a position statement on the first year (2008/09) of the Efficient Government Programme, which aims to deliver £1.6 billion efficiency savings over the three years to 2010/11. It also gives an update on how the Scottish Government and public bodies have addressed the recommendations made in Audit Scotland's progress report on the previous efficiency programme, published in December 2006.	Aberdeen City Council has undertaken a comprehensive priority based budgeting exercise in order to prioritise spend over the next 5 years. Whilst this was planned independently of the Audit Scotland report, it is supported by it. Aberdeen City Council is also pursuing a locality based model for prioritising spend across partner organisations.



Report	Publication date	Summary of findings	Aberdeen City Council action
Protecting and improving Scotland's environment	January 2010	This report identifies that Scotland has made mixed progress against environmental targets. Specific issues highlighted in the report were as follows: Road transport is the main cause of Scotland's remaining air quality problems. Meeting European targets for improving the water environment will require different approaches. There has been mixed progress in protecting and improving Scotland's biodiversity. Councils do not have sufficient plans to meet landfill and recycling targets beyond 2010.	The Council has not yet formally assessed the potential impact arising from this report.
Scotland's Public Finances: Preparing for the Future	November 2009	This report contains an overview of the financial environment in Scotland and the pressures and challenges facing the public sector. The report also looks at the Scottish Government's financial management arrangements. It suggests some key questions for the Scottish Government, the Parliament and the wider public sector to consider when planning the delivery of public services in a time of severe resource constraints.	The Council took cognisance of this report in setting its budget for 2010/11 and in doing so agreed to undertake a comprehensive priority based budgeting exercise in order to prioritise spend over the next 5 years. Whilst this was been planned independently of the Audit Scotland report, it is supported by it. Aberdeen City Council is also pursuing a locality based model for prioritising spend across partner organisations.



Report	Publication date	Summary of findings	Aberdeen City Council action
Making an Impact: Overview of the Best Value audits 2004-09	October 2009	This report draws from the 32 full BV audit reports, plus the 11 formal BV progress reports that the Commission has published. It summarises the impact of Best Value and presents the main issues that arose from those audit reports.	This report draws from the 32 full BV audit reports, plus the formal BV progress reports that the Commission has published. It summarises the impact of Best Value and presents the main issues that arose from those audit reports. The Council found this a useful report in terms awareness of issues common across all Councils. In terms of specific actions, the Council, in common with all other presents the main issues that arose from those audit improvement and development actions following the individual Audit of Best Value and Community Planning.



Appendix II - Acronyms

AIP	Assurance and Improvement Plan	LLP	Limited Liability Partnership
CAMS	Corporate Asset Management System	NRCCI	National Register Child Care Initiative
CIP	Corporate Improvement Plan	I L	National Fraud Initiative
CIPFA	Chartered Institute of Public Finance and Accountancy	OSCR	Office of Scottish Charity Regulator
CPP	Community Planning Partnership	PCA	Procurement Capability Assessment
CPU	Central procurement Unit	PFI / PPP	Public Finance Initiative / Public Private Partnership
CRCEES	Carbon Reduction Commitment Energy Efficiency Scheme	PMQA	Performance Management and Quality Assurance
EUV-SH	Existing Use Value – Social Housing	PWLB	Public Works Loan Board
FRS	Financial Reporting Standard	RICS	Royal Institution of Chartered Surveyors
FSAP	Financial Statements Audit Plan	SOA	Single Outcome Agreement
HMIE	Her Majesty's Inspectorate for Education	SOLACE	Society of Local Authority Chief Executives
HRA	Housing Revenue Account	SORP	Statement of Recommended Practice
IFRS	International Financial Reporting Standards	SPI	Statutory Performance Indicator
INEA	Inspection of the Education Functions of Local Authorities	SRA	Shared Risk Assessment
ISA	International Standards on Auditing	STO	Significant Trading Operations
LAN	Local Area Network	SWIA	Social Work Inspection Agency
LASAAC	Local Authority Scotland Accounts Advisory Committee	ΔΩ.W	Whole of Government Accounts
LGPS	Local Government Pension Scheme	<u>;</u>	

This page is intentionally left blank

FINANCE AND RESOURCES COMMITTEE

2 December, 2010

BUSINESS PLAN 2011/12 TO 2015/16 (CG/10/202)

Prior to any discussion taking place on this item, Councillor Crockett, seconded by Councillor Young moved, as a procedural motion:-

that the report be referred simpliciter to the meeting of Council of 15th December, 2010.

On a division, there voted:- <u>for the procedural motion</u> (5) Councillors Cooney, Crockett, Farquharson, Graham and Young; <u>against the procedural motion</u> (10) the Convener, the Vice Convener; and Councillors Clark, Cormack, Dean, Dunbar, Leslie, May, McCaig and John West.

The Committee resolved:-

to consider the report on this day.

The Committee had before it a report by the Director of Corporate Governance which outlined proposals for a Five Year Business Plan for the Council, for the period 2011/12 to 2015/16.

The report advised that this was a break from the traditional annual approach usually adopted in budget setting, but it was felt that this approach had allowed officers the opportunity to think radically about how to deliver key services from a reduced cost base. The report highlighted a total of £150 million of potential savings, with £48 million of these having a high risk to the Council should they be implemented. The options were presented by Service, and in terms of the following categories (1) transformation options; (2) efficiency options; and (3) stop/reduce options; where an option was given a number, this referred to its Council-wide priority as determined by the Corporate Management Team.

The report recommended:-

that the Committee -

- (a) consider the content of the report;
- (b) make recommendation to the meeting of Council of 15 December, 2010 in relation to the Business Plan, and specifically the transformation, efficiency and stop/reduce options outlined therein to achieve a balanced budget, taking account of any feedback from consultation; and
- (c) provide guidance to the Directors on further changes or service options to be explored over the coming weeks.

The Convener circulated an amended version of the report which had highlighted the options in green, amber, red or grey. Where an option was green, it was recommended that it be taken; where it was amber, it was recommended that a further report be submitted through the priority based budget process with additional information on the impact of making the saving or alternative means of achieving it; where it was red, it was recommended that it should not be accepted at this time but that it may be revisited prior to budget-setting day; where it was grey, it was recommended that it be noted that the option had yet to be considered. Where a proposed saving figure was a negative, what was indicated was either an investment or a reduction in income.

Appended to this circulation was a further note that listed a number of exceptions, which proposed that the Council (i) permit the Chief Executive to decide on management structure savings (ACC_S018); (ii) review the alignment of Committees to the statutory minimum in 2012 (CG_LDS_07b); (iii) reduce by 5% the remuneration for Senior Councillors, the Council Leader and the Lord Provost above the basic rate (CG_LDS_07e); and (iv) reduce the Fairer Scotland Fund by £750,000 not £1million and hold a community summit (CG_CS_FS03).

The Convener moved, seconded by Councillor Leslie:-

to recommend to Council that the following options contained within the Five Year Business Plan, be progressed as per the circulated papers (and as set out below):-

SOCIAL CARE AND WELLBEING: TRANSFORMATION OPTIONS

It is recommended that the following options be taken:-

Ref	Option description	Value in Yr 5 (£k)
SCW_TC2+8	Re-provision in-house adult residential /supported living.	1,478
SCW_TC3+5+7+ 26	Reduce use/length of stay of residential care for adults with mental health issues and spot purchase placements. Do not reinvest all monies from previous service closures.	780
SCW_TC1+9 & SCW_FMB15	Develop the workforce to improve approaches to personal outcome planning, risk enablement and reflective practise and re-commission Disability Services with the use of a Resource Allocation System and personalised budgets	2,763
SCW_TC10+11+12	Stop in-house adult learning disability day care services and spot purchase as required	525

Total		12,135
SCW_FMB21	Jointly commission service with other organisations	500
SCW_FMB19	Review out of hours service as part of the corporate review of staff who work a non standard working week	67
SCW_FMB16	Redesign Directorate planning & strategy	177
SCW_LT24	Review Social Work Duty team	50
SCW_LT16, SCW_LT9, SCW_FMB14 & SCW_LT20	Invest in reablement to constrain growth.	1,767
SCW_LT3 + 21	Move to personalised budgets for people in receipt of home care services	475
SCW_SD11	Investment in local fostering and adoption capacity	335
SCW_SD7+13	Redesign of Family and Community Support Services	435
SCW_SD5	Improve early planning for young people moving from Childrens' to Adult' Services	82
SCW_SD3	End to end review of service provision in children's services	0
SCW_SD2+4+8+10	Reduce the number of specialist care placements for children and young people by redesign and small addition to existing local services	999
SCW_TC21 & SCW_LT1+2+13	Review workforce mix to reduce the number of professional staff and replace with para-professional staff.	45
SCW_TC14 & SCW_LT19	Develop and implement a strategy for increased use and take up of tele-care within learning disabilities and older persons services	1,648

All the Social Care and Wellbeing Transformation Options have been recommended to be taken.

SOCIAL CARE AND WELLBEING: EFFICIENCY OPTIONS

It is recommended that the following options be taken:-

Reference	Option description	Value in Yr 5 (£k)	Comment
SCW_T23	Stop subsidising criminal justice social work – provide only with Northern Community Justice Authority grant		

SCW_FMB1	Review all Directorate Support Services	250	
SCW_LT15	Review of all Supporting People packages	500	
SCW_TC15+16+17	Rationalise the welfare rights / debt advise and financial inclusion services	70	
SCW_TC18	Re-commission Integrated Community Drug Rehabilitation Service	48	
SCW_FMB3	Revise the charging policy with a 5% increase in all charges	50	
SCW-TC19	Re-evaluate social work contribution to Integrated Addiction Services	79	
SCW_TC24	Re-evaluate provision of Mental Health day services/stop growth	6	
SCW_SD14	Renegotiate commissioned services from the third sector in community & youth justice	129	
SCW_SD9	Change relationship with provision of services for children with disabilities	25	
SCW_FMB8	Reduce budget for Learning and Development Team by 2%	16	
Total		1,523	

It is recommended that the following options be the subjects of further reports:-

Reference	Option description	Value in Yr 5 (£k)	Comment
SCW_LT18	Outsource care-at-home-services	1,465	
SCW_LT8+LT27+28	Re-tender for care-at-home-services to reduce costs	624	
SCW_LT25	Review charges for respite services according to financial circumstances of carer i.e. if carers can afford to pay for respite charge the full cost		
SCW_SD15	Outsource 4 children's homes	24	
	2% year on year uplift built into SCM commissioned costs (exc op res + nursing) stripped back to 1% year on year increase	767	With barriers
SCW_LT_14	Close two ACC care homes for older people	173	
Total		3,270	

It is recommended that no action be taken this day on the following options:-

Reference	Option description	Value in Yr 5 (£k)	Comment
SCW_SD6	Introduction of charging for Children's Services	7	
SCW_FMB2	Review/Cap Kinship Payments	50	
	Opt out of national home care rate and uplift rate by 2% year on year	430	With Risk
	Opt out of national care home rate – not paying quality award element of fee	1,456	With Risk
SCW_LT_12	Transfer 2 care homes for older people to external provider	0	
Total		1,943	

Efficiency Options Summary	
Recommended to be taken	1,523
Recommended for further reports	3,270
Recommended not taken at this point in time	1,943
Total	6,736

SOCIAL CARE AND WELLBEING: IDENTIFIED STOP / REDUCE OPTIONS

It is recommended that the following options be taken:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
1	SCW_TC25	Stop funding community carers & room to care	68	
14	SCW_TC22	Stop Employability Services	60	
62	SCW_LT6+Lt7	Re-provision in-house day care centres (Craigton Road & Kingswood)	310	
Total			438	

It is recommended that the following option be the subject of a further report:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
74	INCOVE FIVED:	Stop Directorate policy and strategic development	1,053	

It is recommended that no action be taken this day on the following options:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
	ISCVV FIVIBZS	Remove entitlement to free personal care	5,000	
	SCW_FMB6	Stop kinship care payments	787	With risk
Total			5,787	

It is recommended that it be noted that the following options have not yet been commented upon:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
75	SCW_FMB10	Stop funding mental health day care	274	
82	SCW_FMB4	Stop Integrated Community Drug Rehabilitation Service Services (Adult Addictions)		
83	SCW_FMB12	Reduce threshold for service eligibility to emergency	0	
Total			981	

Stop / Reduce Options Summary	
Recommended to be taken	438
Recommended for further reports	1,053
Recommended not taken at this point in time	5,787
	981
Total	8,259

EDUCATION, CULTURE AND SPORT: TRANSFORMATION OPTIONS

It is recommended that the following options be taken:-

Ref	Option description	Value in Yr 5 (£k)
ECS1_C26	Reduce the number of out of authority placements by redesign and small addition to existing local services	1,190
ECS1-C3	Move to Cultural Trust	144
ECS_E11	Redesign of senior secondary school towards a Virtual City Campus	94
ECS1-C17	Educational Psychology: Develop joint/alternative service delivery	35
ECS1_C25	Potential shared services with other local authorities	450
Total		1,913

It is recommended that the following option be the subject of a further report:-

Ref	Option description	Value in Yr 5 (£k)
ECS1-C1	Integrated Communities Service	1,106

It is recommended that no action be taken this day on the following options:-

Ref	Option description	Value in Yr 5 (£k)
ECS_E9b	Redesign of secondary school estate	-1,034*
ECS_E20b	Redesign the profile of professional staffing in secondary schools	6,083
ECS_E7c	Redesign the profile of professional staffing in primary schools	5,181
ECS_E3	Start nursery at 4 years	3,388
ECS1-C6	Create Community Collections Centre & redeveloped Art Gallery	-50
ECS1-C7	Create Libraries & Information Heritage Centre	-50
Total		13,518

Transformation Options Summary	
Recommended to be taken	1,913
Recommended for further reports	1,106
Recommended not taken at this point in time	13,518
Total	16,537

EDUCATION, CULTURE AND SPORT: EFFICIENCY OPTIONS

It is recommended that the following options be taken:-

Reference	Option description	Value in Yr 5 (£k)	Comment
ECS1-C10	Root and branch review of commissioned arts and sports services	1,800	
ECS_E19	Rationalise school administration	578	
ECS_E4	Provide 1 nursery teacher for each school	265	
ECS_E30	Changes to terms of engagement of casual teachers	250	
ECS_E35	Contracting supply teachers for pupil attendance time only	168	
ECS1-C20	Educational Psychology: Not filling current vacant posts	168	
ECS1_C22	Contract out catering at beach ballroom / art gallery OR income generate	85	
ECS_E5	Nursery nurses to provide non class contact cover for nursery teachers	80	
ECS_E32	Pensions reduction: no contribution for temporary promoted posts	26	
ECS_E40	Maximising class sizes in upper stages of secondary school	1,457	
ECS_E41	Absorb the anticipated increase in demand for ASN services within current costs	9,000	
Total		13,877	

It is recommended that the following options be the subjects of further reports:-

Reference	Option description	Value in Yr 5 (£k)	Comment
ECS_E37	Change the delivery model of music tuition	796	
ECS_E26	Increase teaching time to match pupil time in secondary schools	4,840	With Risk
ECS_E6	Increase teaching time to match pupil time in primary schools	2,480	With Risk
ECS_E39	Remove budgeted pay award to reflect any future national agreement	2,500	With Risk
Total		10,616	

It is recommended that no action be taken this day on the following options:-

Reference	Option description	Value in Yr 5 (£k)	Comment
ECS_E8d	Increase class sizes in primary schools – P1 from 18 to 25	440	
ECS_E36	Remove devolved educational management savings targets for schools	-2,500	
ECS_E31a	Extend non-subject specific/generic teaching until end of S2	4,418	With Risk
ECS_E8c	Raise P1 to 3 class sizes to 33 and composite classes in P1 to 3 to 30	1,800	With Risk
ECS_E10	All secondary S1 & S2 classes at 30	700	With Risk
ECS_C27	Establishment of revenue funding for Old Torry Community Centre and for Ruthieston Community Centre to enable transfer to leased Community Centre status		
Total		4,876	

Efficiency Options Summary	
Recommended to be taken	13,877
Recommended for further reports	10,616
Recommended not taken at this point in time	4,876
Total	29,369

EDUCATION, CULTURE AND SPORT: IDENTIFIED STOP / REDUCE OPTIONS

It is recommended that the following options be taken:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)
39	ECS_E22	Reduce Pupil Support Assistants provision by 50% in primary schools	2,850
27	ECS_E17a	Additional Support Needs: Increase teacher / pupil ratios to 1:10 – Secondary	600
30	ECS_E18a	Additional Support Needs: Increase teacher/ pupil ratios to 1:10 – Primary	500
31	ECS_E24	Reduce Pupil Support Assistants provision by 50% in secondary schools	1,000
Total			4,950

It is recommended that the following options be the subjects of further reports:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)
13	ECS_E9a	Secondary school estate – close 2 schools	2,346
15	ECS_E29a	Primary school estate – close 5 schools	1,015
24	ECS1-C9	Close up to 8 Community Libraries over 5 years	452
35	ECS_E12	Withdraw music tuition	450
68	ECS1-C13	Cease communities teams services	5,676
Total			9,939

It is recommended that no action be taken this day on the following options:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)
40	ECS1-C11a	Community Centres – review council financial support	58
54	ECS_E28	Close Music School	0
55	ECS1-C11e	Provision of development programme grant and building revenue costs to leased Centres in regeneration areas only	
Total			411

It is recommended that it be noted that the following options have not yet been commented upon:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)
64	ECS_E34	Stop Curriculum for Excellence training in Modern Foreign Languages	100
65	ECS1-C8	Close all 16 Community Libraries	994
69	ECS_E14	Reduce Teacher Support for Learning allocation – secondary schools	560*
70	ECS_E16	Reduce Teacher Support for Learning allocation – primary schools	580*
71	ECS1-C11f	Cease all Council financial support including development programme grant and building revenue costs to leased Community centres	
72	ECS_E25	Stop pre-school education	4,293
76	ECS_E21	Remove remaining Pupil Support Assistants provision in primary schools	2,850
77	ECS_E23	Remove remaining Pupil Support Assistants	1,000

		provision in secondary schools	
81	ECS1-C2	Close all art galleries & museum visitor venues (over 4 years)	735**
87	ECS1-C2a	Close all art galleries & museum visitor venues (1 year)	0**
Total			11,239

^{*} Stop options also exist for these items totalling approximately £4million (ECS_E13 and ECS_E15).

^{**} These options form part of ECS_C3 but are included in this list for visibility.

Stop / Reduce Options Summary	
Recommended to be taken	4,950
Recommended for further reports	9,939
Recommended not taken at this point in time	411
No recommendation at this time	11,239
Total	26,539

HOUSING AND ENVIRONMENT: TRANSFORMATION OPTIONS

It is recommended that the following options be taken:-

Ref	Option description	Value in Yr 5 (£k)
HE_ES_WS2	Review existing Waste Strategy to determine most cost effective options for diverting waste from landfill	4,822
HE_ES_GM05	External delivery or attain equivalent efficiency savings on grounds maintenance service	659
HE_ES_ST5	External delivery / attain equivalent efficiency savings on street cleaning service	300
HE_HCS_H01(viii)	Establish Private Sector Leasing Scheme	100
HE_EP_EP02	Merge Emergency Planning team with SCG support group and potential outsource of some activities	30
Total		5,911

It is recommended that the following options be the subjects of further reports:-

Ref	Option description	Value in Yr 5 (£k)
	Property Services LLP	8,940
	Lobby for removal of landfill tax	580
Total		9,520

Transformation Options Summary	
Recommended to be taken	5,911
Recommended for further reports	9,520
Recommended not taken at this point in time	0
Total	15,431

HOUSING AND ENVIRONMENT: EFFICIENCY OPTIONS

It is recommended that the following options be taken:-

Reference	Option description	Value in Yr 5 (£k)
HE_ES_WS3	External delivery or attain equivalent efficiency savings in domestic waste collection	650
HE_ES_WS9	Increase commercial waste collection charges	270
HE_ES_HT04	Implement mobile working for field staff in Trading Standards and Environmental Health	180
HE_ES_HT01	Restructure Environmental Health and Trading Standards	70
HE_HCS_S01 (iii)	Restructuring of Housing Strategy (non HRA) team	40
HE_ES_WS8	Short-term improvements to recycling performance at Recycling Centres	38
HE_ES_ASSL2	Scientific Labs to seek and increase the level of work from the private sector.	33
HE_ES_HT03	Cease non-statutory food surveillance sampling which will reduce income in Scientific Services Laboratory	
Total	1,306	

It is recommended that the following option be the subject of a further report:-

Reference	Option description	Value in Yr 5 (£k)
HE E W/_111	Invest in 1 FTE to work with communities to divert waste from landfill by improving recycling	75

It is recommended that no action be taken this day on the following option:-

Reference	Option description	Value in Yr 5 (£k)
HE-ES-PT5	Close all toilets except two and run a community toilet scheme	151

Efficiency Options Summary	
Recommended to be taken	1,306
Recommended for further reports	75
Recommended not taken at this point in time	151
Total	1,532

HOUSING AND ENVIRONMENT: STOP / REDUCE OPTIONS

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
20	HE_ES_ASSL1	Sub contract high cost / low volume testing to companies that can carry out work cheaper than labs	50	
25	HE_HCS_CS05(vii)	Private sector / commercial mediation	25	
26	HE_HCS_CS05(viii)	Remove budget for community based reparation service	22	
34	HE_HCS_CS05(v)	Remove funding of Inspector working to address antisocial behaviour (in line with national agreements)	68	
44	HE_ES_GM01	Reduce grounds maintenance (specific service reduction options)	416	
50	HE_HCS_CS05(vi)	Agreement to remove funding for dispersal of groups and closure of premises	6	
51	HE_HCS_CS05(ix)	Agreement to remove funding for	12	

		Safer Aberdeen Programme		
61	HE_HCS_S02(ii)	Stop Scheme of Assistance	117	
	HE_ES_BSAD1	Increase Bereavement Services charges (cremation and burial fees) by 10%	176	
	HE_HCS_CS05b	Remove funding from Aberdeen Safer Trust for Community Safety Partnerships small grants scheme	5	
	HE_HCS_CS05c	Remove funding contribution to Sergeant working on addressing antisocial behaviour (in line with national agreements)	27	
	HE_HCS_CS05d	Remove funding contribution to Constable working on addressing antisocial behaviour (in line with national agreements)	22	
	HE_HCS_CS05e	Remove funding contribution to Community Safety Partnership meeting costs	7	
	HE_HCS_CS05g	Reduction in the contingency for adhoc grant applications	25	
	HE_HCS_CS05j	Remove funding for training budget of Community Safety Partnership members	3	
	HE_HCS_CS05k	Remove funding from Community Safety Partnership promotion / marketing budget	3	
	HE_HCS_CS05I	Remove funding for subscriptions to national organisations	1	
	HE_HCS_CS05m	Remove funding for Community Safety partnership analysts	52	
Total			1037	

It is recommended that the following options be the subjects of further reports:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
25	HE_HCS_CS05(xii)	Remove budgets for transport marshals	70	
43	HE_ES_ST1	Reduce street cleaning (specific service reduction options)	155	
73	HE_HCS_S02(i)	Reduce provision on housing support	100	
Total			325	

It is recommended that no action be taken this day on the following options:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
23	HE_HCS_CS05(xi)	Remove funding for deploying street urinals	8	
29	HE_HCS_HM02	Stop Instant Neighbour Contract	0	Saving would be made in HRA not General Fund
41	HE_ES_PT01	Close all toilets with no community toilet scheme	70	
45	HE_ES_WS5	Remove Recycling Points in areas covered by kerbside collections	69	
46	HE_HCS_CS05(x)	Street Football – remove funding	5	
49	HE_ES_WS7	Remove paper recycling in multi occupancy areas	0	Savings up to Yr 4 only
56	HE_ES_PC01	Close all parks and gardens and cease maintenance	1,141	
	HE_ES_PT6	Close all public toilets and replace with community toilet scheme	128	
	HE_HCS_CS05a	Remove funding used by Community Safety Managers for local neighbourhood safety initiatives	15	
	HE_HCS_CS05h	Remove funding from Wilful Fires Sub Group for diversionary activities initiatives	7	
	HE_HCS_CS05i	Remove funding for legal costs of antisocial behaviour case preparation	70	
	HE_HCS_CS05n	Remove funding contribution for non- HRA activity Antisocial behaviour Investigation	25	
	HE_HCS_CS05o	Remove funding contribution for non- HRA activity from Aberdeen Families Project	30	
Total			1,568	

Stop / Reduce Options Summary	
Recommended to be taken	1,037
Recommended for further reports	325
Recommended not taken at this point in time	1,568
Total	2,930

ENTERPRISE, PLANNING AND INFRASTRUCTURE: TRANSFORMATION OPTIONS

It is recommended that the following options be taken:-

Ref	Option description	Value in Yr 5 (£k)
EPI_AMO01	Enter into a partnering arrangement for all asset management & operations services	4,481
EPI_DIR01	Full EP&I service review	559
EPI_PSD05	Public Transport Unit shared service with a possible transfer of procurement Central Procurement Unit.	51
EPI_DIR03	Assimilate Environmental & waste services from H&E to EP&I	31
EPI_DIR04	Integration across economic development, planning and regeneration services	31
EPI_AMO19	Shared facilities management services with public sector partners	22
Total		5,175

It is recommended that the following option be the subject of a further report:-

Ref	Option description	Value in Yr 5 (£k)
EPI_AMO17	New investment - additional capital funding for roads	7,735

It is recommended that no action be taken this day on the following option:-

Ref	Option description	Value in Yr 5 (£k)
EPI_AMO11a	Dispose of selected property portfolio	0

Transformation Summary	
Recommended to be taken	5,175
Recommended for further reports	7,735
Recommended not taken at this point in time	0
Total	12,910

ENTERPRISE, PLANNING AND INFRASTRUCTURE: EFFICIENCY OPTIONS

Reference	Option description	Value in Yr 5 (£k)	Comment
EPI_AMO05	Car parking - Increase charges every 2 years	1,911	
EPI_AMO18	Increased mobile and/or remote working for staff throughout the Council	780	
EPI_EBD03a	Increase revenue - advertising on fixed assets	750	
EPI_DIR06	Enable renewable energy network for a low carbon economy (combined heat and power, wind farm etc)	400	
EPI_PSD11a	Charge for pre-application consultations and co-ordination of master plans	160	
EPI_AMO09	Use of Wi-Fi for roads Urban Traffic Control communications (Traffic Signals)	92	
EPI_AMO06	Increase revenue – charge for road space used by utility companies during road works	68	
EPI_AMO07	Increase roads revenue - driveway applications	30	
EPI_EBD03c	Increase revenue - sponsorship of bus shelters / stops	30	
EPI_EBD03b	Increase revenue - roundabout sponsorship	20	
EPI_EBD03d	Only undertake fully funded events	442	
EPI_AMO08	Reduce street lighting whole life costs with energy efficient lanterns	19	
EPI_AMO20	Improved energy efficiency in council buildings	14	
EPI_PSD11b	Investigate further options for generating income from environmental projects	10	
EPI_DS01	Restructuring EP&I Directorate Support Unit	42	With barriers
EPI_AMO24	Optimise parking service operations through different service delivery models	222	With barriers
EPI_AMO25	Adopt the Scottish Governments proposed change of the Parking Charge Notices rate to £80 or £100	86	Risk
Total		5,076	

It is recommended that the following option be the subject of a further report:-

Reference	Option description	Value in Yr 5 (£k)	Comment
EPI_AMO11b	Tactically dispose of property assets to generate capital investment	-/48	Capital Option

It is recommended that no action be taken this day on the following option:-

Reference	Option description	Value in Yr (£k)	Comment
EPI_AMO26	Explore introducing road user charging as part of a review of the Local Transport Strategy to invest in our roads and transport assets		Risk

Efficiency Options Summary	
Recommended to be taken	5,076
Recommended for further reports	(798)
Recommended not taken at this point in time	2,738
Total	7,016

ENTERPRISE, PLANNING AND INFRASTRUCTURE: STOP / REDUCE OPTIONS

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
12	EPI_AMO14	Self fund catering (Town House & Kittybrewster) otherwise stop	18	
19	EPI_EBD02e	Reduce marketing materials to minimum	29	
21	EPI_AMO16	Reduce non-housing property maintenance inspections	99	
28	EPI_EBD02c	Reduce economic development to a minimum – stop events, twinning, marketing and graphics (50%)	526	
32	EPI_PSD05a	Public Transport Unit - reduce bus shelter expenditure	158	
48	EPI_PSD02	Rationalise planning application	44	

	management		
60	Reduce traffic management and road safety operations	111	
Total		985	

It is recommended that the following option be the subject of a further report:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
59	IEPI EBIJUZO	Reduce economic development team to minimum	1,409	

It is recommended that no action be taken this day on the following option:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
33	EPI_AMO15	Reduce school patrols	325	

Efficiency Options Summary	
Recommended to be taken	985
Recommended for further reports	1,409
Recommended not taken at this point in time	325
Total	2,713

CORPORATE GOVERNANCE: TRANSFORMATION OPTIONS

Ref	Option description	Value in Yr 5 (£k)
CG_ICT01	External delivery of ICT	803
CG_F_04	External delivery of Finance	780
CG_HR_24	External delivery of Human Resources & Organisational Development	506
CG_LDS_04	External delivery of Legal Services	259
CG_CS_FOS04	External delivery of Customer Services	184
CG_CS_CPL01	External delivery of Community Planning	109

CG_CS_PM01	Programme Management Office - fully internal	90
CG_CPU_5	External delivery of procurement function	80
CG_LDS_13	To create a "pool" of WPO/clerical/admin support across Legal and Democratic Services	42
CG_CPU_3	Re-alignment of procurement staff across the 5 authorities	0
CG_HR_04 Refocus and rationalise existing Health & Safety service		0
Total		2,853

All the Corporate Governance Transformation Options have been recommended to be taken.

CORPORATE GOVERNANCE: EFFICIENCY OPTIONS

Reference	Option description	Value in Yr 5 (£k)	Comment
CG_CPU_01	Targeted contract savings	500	
CG_CPU_2a	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – Social Care & Wellbeing		
CG_CPU_2b	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – E P & I ; H &E		
CG_CPU_7	Close the Social Work occupational therapy stores and transfer operations to the Whitemyres Centre		
CG_LDS _09	Maximise the capabilities of modern.gov capabilities to circulate agendas & change minute style	79	
CG_LDS_18	Merge Archive and Registrars to form a joint service	52	
CG_F_16	Merge Social Work Assessments into Revenues and Benefits	50	
CG_LDS_08	Transfer committee services from Legal to Democratic Services	44	
CG_LDS_25	Hire out Town House facilities to external groups and bodies.	38	
CG_LDS_7D	Only one committee member of staff at each committee meeting	29	

CG_LDS_24	Increasing the number of ceremonies provided, e.g. baby naming	24	
CG_LDS_27	Expand charging in Archives – family history requests	10	
CG_F_08	Trusts & Common Good – review support	10	
CG_F_10	Cash Review – Area Offices	125	With barriers
CG_CS_EQ02	Equalities function being delivered by cross- sector partnership	200	With barriers
CG_F_06	Remove internal recharges across ACC	182	With barriers
CG_HR_17	Move away from centralised workforce planning in the longer term	75	With barriers
CG_CS_INT01	Externalise delivery of interpreting and translating service	28	With barriers
CG_F_20	Review Treasury transactional activities through joint working	37	With barriers
CG_LDS_15	Closing of Area Offices at Bucksburn and Peterculter	-50	With barriers
CG_F_26	Bed tax	1,710	With Risk
CG_CPU_2c	Reduce rates on targeted contracts across ACC	1,000	
Total		5,598	

All the Corporate Governance Efficiency Options have been recommended to be taken.

CORPORATE GOVERNANCE: EFFICIENCY OPTIONS: ADDITIONAL OPTIONS YEARS 1 & 2

Reference	Option description	Value in Yr 2 (£k)	Comment
CG_HR_07	Payroll incorporated into Human Resource (HR) Service Centre	20	
CG_HR_10	Develop Business Partner Model – basic queries to HR Service Centre	60	
CG_HR_13	Transactional HR Services incorporated into HR Service Centre	60	
CG_LDS_14	Increased use of Paralegals	18	
CG_HR_19	Corporate HR team to focus on core corporate	80	

	employee issues; client incorporated in HR Service Centre		
	Recruitment and selection processed through the HR Service Centre	105	
CG_LDS_01	Transform in-house delivery of legal services	30	
CG_F-13	Revenue and Benefits establishment review	125	
CG_F_01	Services Accounting – process improvement	140	
Total		638	

All the Corporate Governance Efficiency Options, where the benefit delivery is expected in year two, have been recommended to be taken.

CORPORATE GOVERNANCE: IDENTIFIED STOP / REDUCE OPTIONS

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
3	CG_CPU_6	Rationalise central store function	43	
6	CG_LDS_20	Aberdeenshire Council	36	
7	CG_LDS_21a	Reduce members support unit	37	
8	CG_LDS_22	Cease delivering mail to Councillors' homes	11	
9	CG_LDS_26	External delivery of conveyancing service	0	
10	CG_CS_CM01	Subsume change management function into Programme Management Office	271	
22	CG_CS_FS03	Reduce Fairer Scotland Fund	1,000	
38	CG_LDS_02	Cease all external legal support	0	Reduced to £0 to avoid double count with LDS_04
47	CG_CS_PMQ07	Align Corporate Information & Research resource to work demand	142	
Total			1,540	

It is recommended that no action be taken this day on the following options:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
4	IC.(= 1 1)5 U/D	Council committees align to statutory minimum	450	
	CG_LDS_7e	Savings of convenors and vice convenors payments if reduced number of committees		
37	CG_CS_FS01	Cease Fairer Scotland Fund	1,375	
Total			1,933	

It is recommended that it be noted that the following options have not yet been commented upon:-

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
79	10.05 10.507	Customer Service - stop face to face provision	783	
80	CG_CS_FOS08	Customer Service - stop developments	427	
Total			1,210	

Stop / Reduce Options Summary	
Recommended to be taken	1,540
Recommended for further reports	0
Recommended not taken at this point in time	1,933
No recommendation	1,210
Total	4,683

CORPORATE GOVERNANCE: COUNCIL WIDE OPTIONS

Ref	Option description	Value in Yr 5 (£k)
ACC_SO13	Review Corporate Administration	900
ACC_SO19	Rationalise operational support	25
ACC_SO7	Review and rationalise cross Council ICT	250
ACC_SO2	Reduce funding to Grampian Fire & Rescue	2,132

ACC_SO11	Review terms and conditions of staff	0
ACC_SO9	Review corporate training / conferences	555
ACC_SO3	Reduce funding to Joint Valuation Board	254
ACC_SO5	Reduce staff advertising	100
ACC_SO4	Stop general advertising	60
ACC_SO22	Electronic mail and send	400
ACC_SO17	Self-service administration across the Council	63
ACC_SO21	Move to cash free Council	49
ACC_SO10	Reduce level of contingency	3,000
ACC_SO16	Explore commercial opportunities	0
ACC_SO20	Explore expanding use of Common Good for General Fund	0
Total		7,788

It is recommended that the following options be the subjects of further reports:-

Ref	Option description	Value in Yr 5 (£k)
ACC_SO18	Reduce management teams	1,075
ACC_SO1	Reduce funding to Grampian Police (in line with national agreements)	3,555
ACC_SO6	Reduce miscellaneous grants	605
ACC_SO08	Corporate Bond issue	-400
ACC_SO_23	Remove discretionary enhancements to pensioners	3,000
Total		7,835

It is recommended that no action be taken this day on the following option:-

Ref	Option description	Value in Yr 5 (£k)
ACC_SO_24	Charge levy on car parking for private businesses	0

Council Wide Options Summary	
Recommended to be taken	7,788
Recommended for further reports	7,835
Recommended not taken at this point in time	0
No recommendation	0
Total	15,623

Councillor Crockett, seconded by Councillor Graham, moved as an amendment: as the Edinburgh Government has not yet given local authorities their settlement for 2011/12, that Council consider the document on 15th December, 2010, to allow members time to look at the options being recommended.

On a division, there voted:- <u>for the motion</u> (10) the Convener, the Vice Convener; and Councillors Clark, Cormack, Dean, Dunbar, Leslie, May, McCaig and John West; <u>for the amendment</u> (5) Councillors Cooney, Crockett, Farquharson, Graham and Young.

The Committee resolved:-

to adopt the successful motion.

This page is intentionally left blank

ABERDEEN CITY COUNCIL

COMMITTEE Finance and Resources

DATE 2nd December 2010

DIRECTOR Stewart Carruth

TITLE OF REPORT Business Plan 2011/12 to 2015/16

REPORT NUMBER CG/10/202

1. PURPOSE OF REPORT

1.1 The purpose of this report is to present to members the proposed Business Plan for the five year period 2011/12 to 2015/16.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Members:
- (i) consider the content of the draft Business Plan; and
- (ii) make recommendations to Council on 15th December 2010 in regard to the Business Plan and specifically the transformation, efficiency and stop / reduce options outlined in the Business Plan to achieve a balanced budget taking account of any feedback from consultation.
- 2.2 It is also recommended that Members give guidance to Director on further changes or service options to be explored over the coming weeks.

3. REPORT AUTHOR DETAILS

Stewart Carruth
Director of Corporate Governance
email: scarruth@aberdeencity.gov.uk

tel: 01224 522550

Aberdeen City Council Five year Business Plan - 2011/12 to 2015/16

Executive Summary

- 1. For Aberdeen City Council in early 2010 the dominant influences on its future funding and service delivery environment were:
 - that according to a number of external sources including CPPR, KPMG, local authorities in Scotland will require to generate between 10% - 15% savings in real terms over the next three years
 - this meant that Aberdeen city council would be required to deliver between £50 and £75 million savings over three years from 11/12 to 13/14: And
 - that in order to realise savings of this scale and to continue to deliver high quality services, the Council would have to engage staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services; Therefore
 - to perform successfully in this environment the Council would have to forward plan, for the period of known financial settlements, with the express view of utilising public engagement to prioritise the services to be delivered and to clearly identify those services which will no longer be funded; With
 - the overall context of this activity being to ensure that there is achievement of the corporate strategies and objectives of the Council
- 2. From this position a set of objectives were determined for the council:
 - to produce a five year Business Plan that funds and develops prioritised services
 - ownership of the programmes of transformation, required to develop and deliver the prioritised services, by Directorates and Elected Members
 - to conduct this work through a dynamic process that encouraged cross directorate challenge and corporate thinking and behaviors' to create a corporate Business Plan
 - to be able to continue the process into the second and subsequent years
- 3. The process adopted encompassed:
 - confirmation of service hierarchy, per Directorate and across the Council (what services are actually delivered)
 - identification of service costs (not budgets) and of addressable spend
 - (taking into account the current costs and content)
 - future requirements built into the data via demographics, legislation, etc., and the effect they will have on service demand, service cost, service location, service support, e.g. capital investment to give the totality of expectations and the associated cost, currently and through the next five years

- formation of service options, for all services in service hierarchy (looking for transformation, efficiency, stop / reduce options and where there is a need for transformation or investment how to fund that, e.g. making posts self funding)
- review of service options by managers in the home Directorate;
- Directorate agreement on prioritised service options with short, medium and long term impact
- then Corporate agreement on programmes for transformation; efficiency changes and cost cutting measures
- which led to the creation of the five year Business Plan, encompassing the above programmes and providing a budget that will combine making the necessary savings and building for the future and noting risks associated with implementation
- 4. Core to the creation of the Business Plan has been a meaningful engagement with a wide range of staff, partners, and stakeholders. This has lead to there being a wide spread understanding of what the future could be and how they can contribute to shaping the actuality of that future. That in turn changes the roles for these groups from passive recipients to being active in the wider community.

The engagement undertaken has included:

- meetings with stakeholders, per Directorate, during the development of options
- top 100 stakeholders being involved in a council wide session
- questionnaires being made widely available from all council offices and with local press support
- website prompts for comments and also provides the questionnaire
- City Voice citizens panel used for feedback
- briefings of press from Chief Executive and Administration Leaders
- analysing the feedback and working that into the development of the service options
- 5. The outcomes achieved by adopting this approach include:
 - enhancement of leadership at all levels of the council
 - direction of travel established making planning and implementation more straightforward
 - confirmation from engagement activity of the priorities for the council
 - provision of data on an equitable basis across all Directorates on which to base objective decision making
 - active buy-in from all engaged with as they have a remit in forming the future
 - dialogue and discussion is focused on the issues and impact of change
 - collectively moves a wide spectrum of interested parties to a position where shared acceptance of the outcomes of decision making can be achieved
 - clearly identifies what the workforce planning requirements are so enabling planning to address these issues

This page is intentionally left blank



Aberdeen City Council Priority Based Budgeting: Final Draft Report (version 1.4a) October 2010







Executive Summary (version 1.4a)



Context

This report provides the output of work between May and September 2010 to identify options to deliver services differently in a sustainable manner.

The options contained within this report were identified at service level and subsequently discussed and agreed by the Council's Corporate Management Team. In comparison to the more traditional annual approach, the longer term approach has enabled officers to think radically about how to deliver key services from a reduced cost base.

The vision for future services in Aberdeen responds to the drivers for change and aspires to deliver services which are efficient but still outcomes focused.

The package of options proposed acknowledges that services must maximise the expenditure on actual services and reduce indirect overhead costs.

At the heart of this is the recognition that current service delivery models need to be challenged and redesigned to ensure the customer is at the heart of what Aberdeen City Council ("ACC") does. This will be a challenge not just for this Council, but will require significant increase in joint working with other public, voluntary and business sector partners within the region, building on the initial conversations that have been undertaken in joining up service delivery to the community.

Summary of savings

Directorate	Contribution	% of overall saving
Social Care & Wellbeing	£25m	17%
Education Culture & Sport	£55m	37%
Housing & Environment	£19.9m	13%
Enterprise Planning & Infrastructure	£22.6m	15%
Corporate Governance	£11.9m	%8
Corporate Savings	£15.6m	10%
Totals	£150m	

A total of approximately £150m of potential savings have been identified of which £48m have been highlighted as having a high implementation risk.

The nature of the savings proposed will result in a redesign of services as well as a change in the nature of how services to the people of Aberdeen are delivered. For example, we have considered ways in which the Council can work collaboratively with the public, private and voluntary sectors to ensure that they are able to sustain essential public services with reduced resources.

Contents



	Context and Approach
:	Section 1

page 4

page 8

ACC Consolidated Summary
Section 2

Service Options	Directorate
Section 3	

page 11

	» Council wide	» Further Innovation
*	*	*

Dependencies
Section 4

page 42

Note: a glossary of terms is included at the end of this document

(version 1.4a)

page 46

Page 4



Section 1 CONTEXT AND APPROACH (version 1.4a)

allocated to deliver agreed prioritised service outcomes. A priority-based approach was therefore taken to The future funding challenge faced by the Council required a more radical approach to ensure funds are ABERDEEN CITY COUNCIL determine future service and cost commitments to bridge the 5 year funding gap.

Aberdeen City Council has:

- The second smallest funding per head in Scotland and
- ► Already identified and delivered £100m of savings through a focus on cost reduction.

However:

- ► Expectations and demand for services is increasing
- ► The cost of services is forecast to increase by 19% over the next five years and
- ► This funding gap is currently estimated to be £120m in 5 years

The following were the key elements of the priority-based approach:

- ► Prioritisation of ACC's desired outcomes and linking the priorities to services to gain an understanding of services which contributed most and least to the organisation's goals.
- ► Establishment of the current and future costs of services and greater transparency of the drivers of costs and income.
- Development of a range of options to address the funding gap over the next 5 years.
- Review of approximately 200 council services during the project. In total more than 750 options were identified in collaboration with Directors, Heads of Service and Service Delivery Managers.
- Service Representatives and Service Accountants provided rigour on assumptions and financials during the process. Additional challenge on the options was provided by experts in the relevant services.
- A summary of the Priority Based Budgeting ("PBB") approach is set out on the next page.

Aberdeen City Council

Section 1 Context and Approach (version 1.4a)

Overview of PBB Process

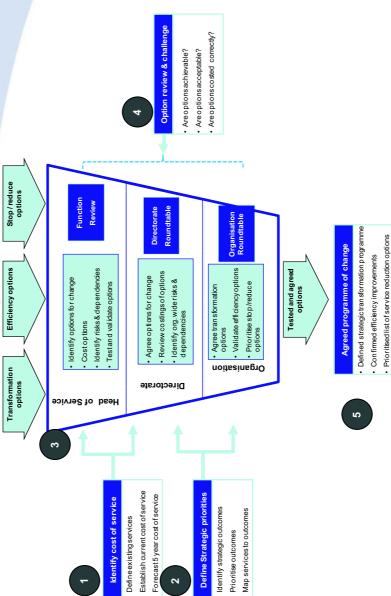


As outlined in the diagram on the left, there are five key elements to the PBB process:

- 1. Understand the significant areas of spend and forecast the cost and demand pressures.
- Understand how services contribute to the organisation's strategic priority outcomes. Map costs to priorities and understand where marginal decisions are needed.
- Develop transformation, efficiency and stop/reduce options for reducing expenditure.
 Test the feasibility and benefits of each option
- throughout the process.

 5. Agree a Directorate package of transformation and efficiency options to take forward and a prioritised list of stop or reduce options.

Following discussion by the Corporate Management Team ("CMT") and approval by elected members, these options will then be translated into the 5 Year Business Plan and



The development of service options was an iterative process at Head of Service, Directorate and organisation level. Options evolved and were filtered out during each stage of review.

Section 1 Context and Approach (version 1.4a) Definition of Option Categories



Service options were categorised into four groups to compare options across Directorates and facilitate decision making at the Corporate Roundtable

A. Immediate Efficiency options

Options that do not change the nature of the existing service, but focus on it being delivered more efficiently and effectively.

These are 'quick wins' with immediate benefits.

B. Efficiency with barriers options:

Options which would not change the nature of the service delivery but cannot be achieved without changes to legislation.

C. Transformation options

Options which change the nature of the service delivery.

Category B and C relate to opportunities that will achieve material benefits to the Council but will require additional resource and planning to achieve the stated savings.

D. Stop / Reduce options

Options that stop or reduce the level of service provided or reduce the number of clients it is available to.

These are the most 'painful' options and are undesirable. It is assumed that implementing these options will only take place if the sum of Transformation and Efficiency options within A, B and C are not enough to meet the funding gap.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranking reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.



ACC CONSOLIDATED SUMMARY Section 2 (version 1.4a)

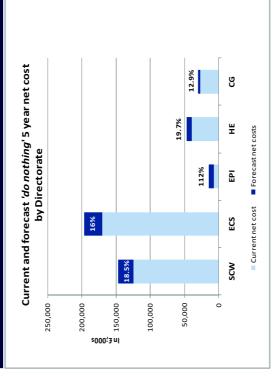
Page 9

Section 2 Consolidated Summary (version 1.4a)

Current and future cost of services

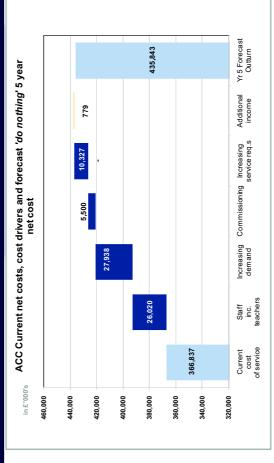


The current net cost of Aberdeen City Council services is £367m*. This cost is forecast to rise to £436m by 2015/16.



Social Care & Wellbeing along with Education Culture & Sport account for 80% of ACC's total net costs (£294m)

The net costs of these two Directorates is forecast to increase by £50m by 2015/16, accounting for 73% of the overall forecast rise.



The cost pressures that will impact on services over the next 5 years are driven by:

- •Rising ACC staff costs and nationally agreed teachers' terms and conditions •Staff pay awards have not been incorporated into the future cost pressures. This would result in a further £14m of salary costs to the Council.
- •Demographic changes causing an increase in demand for services
- •Increasing costs of externally commissioned services
- Increasing requirements of services (due to environmental considerations and repair and maintenance needs of existing infrastructure and assets)

A relatively small increase in income levels has been forecast to offset these cost

*Current net cost of services includes the cost of services within the scope of the PBB project. It is based on the 2010/11 budget. It does not include:

- The Office of Chief Executive budget
- Capital finance costs
- Contributions to the repairs and maintenance fund
- Miscellaneous expenditure budget items
- Housing and Revenue Account

Section 2 Consolidated Summary (version 1.4a)

Summary of consolidated savings



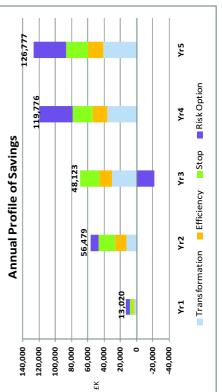
CITY COUNCIL

Savings of £150m have been identified, representing 31% of the total forecast 5 year 'do nothing' baseline. This includes savings from higher risk options that will require national change in policy and the revenue impact of some significant capital finance options.

Savings in the charts on the left are the sum of individual Directorate

savings, plus the Council wide savings listed on page 39. The graphs of savings will be updated following committee on 2/12/10 before Council. therefore in v1.4a they are indicative. Yr 5 Forecast Outturn (with risk) 344,242 Baseline has been adjusted to include £37m of 'Miscellaneous' expenditure Yr5 Forecast Risk Option Outturn Savings identified in year 5 808'98 Stop Transform-ation Efficiency Yr 5 Baseline 471,019 in£'000's 400,000 320,000 460,000 440,000 380,000 360,000 340,000 300,000 480,000 420,000

Directorate	Directorate Contribution % of overall	% of overall	% of overall	Risk
		Directorate 5 year costs	saving	adjusted element
SC&W	£25m	17%	17%	£5.8m
EC&S	£55m	28%	37%	£31m
H&E	£19.9m	42%	13%	£nil
EP&I	£22.6m	155% *	15%	£9.8m
90	£11.9m	39%	%8	£1.7m
Corporate Savings	£15.6m	n/a	10%	n/a
Totals	£150m	n/a	n/a	£ 48.3m



Risk options are highlighted within individual Directorate summaries in the following

The capital options are included within EP&I summary pages.

All savings have been calculated at current costs.

[·] Redundancy costs are included and are assumed to be a full year of staff cost.

Unless otherwise state, capital expenditure and receipts have not been included.

 $^{^{\}star}$ This percentage reflects the movement in the net budget; the movement in EP&Is gross budget is 30%.



Section 3 SERVICE OPTIONS (version 1.4a)

Page 12

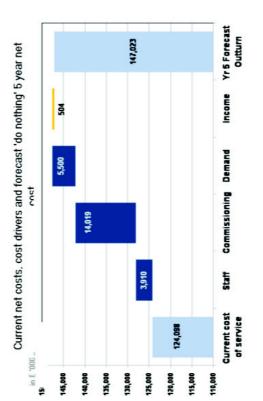
Section 3 Service Options (SC&W) (version 1.4a)

Social Care & Wellbeing (SC&W): Cost of services



The current net cost of Social Care and Wellbeing services is £124m*. This cost is forecast to CITY COUNCIL rise by 18.5% to £147m by 2015/16.





Older People and Adult Physical Disability services have the largest current net costs (£55.2m) and have the largest 5 year forecast cost pressures (22.7%)

increase in the proportion of total net costs incurred by Older People and The effect of the entire Directorate forecast cost pressures will be an Adult Physical Disability services, from 44% to 46%.

The cost pressures that will impact on SC&W services over the next 5 years is driven by:

- An increase in demand for services due to an ageing population;
 - Rising ACC staff costs, and
- An increase in the cost of services commissioned externally

These cost pressures are marginally offset by a forecast increase in ncome due to the rising levels of demand.

^{*} Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance

Section 3 Service Options (SC&W) (version 1.4a) Summary of SC&W savings



- A total of £25m of savings have been identified for Social Care & Wellbeing services.
- £19m are core savings, representing 12% of the Directorate 5 year baseline.
- A further £5m of saving relates to a higher risk option, abolishing free personal care, and requires a change to, or contravention of, national policy.

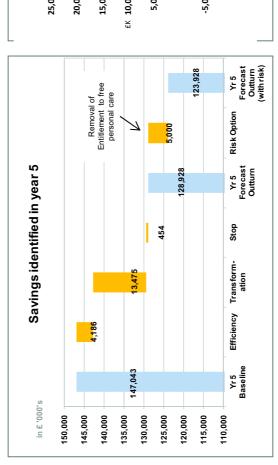
23,370

22,041

7,184

5,929

Annual Profile of Savings





Yr5

Yr4

Yr3

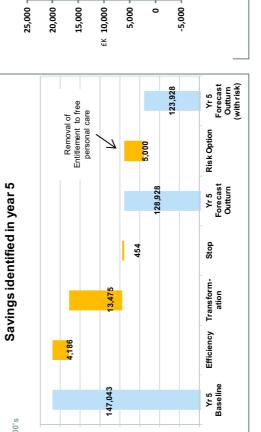
Yr2

Yr1

Transformation Efficiency Stop Risk Option

No capital investment requirements have been identified.

met by a lower cost of services, and options that seek to reduce the unit cost of services through measures such as externalising services and improved commissioning arrangements. assessment and management of client needs such that they can be Savings will be achieved through a combination of more effective



Page 14

Aberdeen City Council

Section 3 Service Options (SC&W) (version 1.4a) SC&W: Transformation options



Transformation options will manage levels of increasing demand and meet individuals' needs more cost effectively through:

1. Transforming the assessment & care planning process

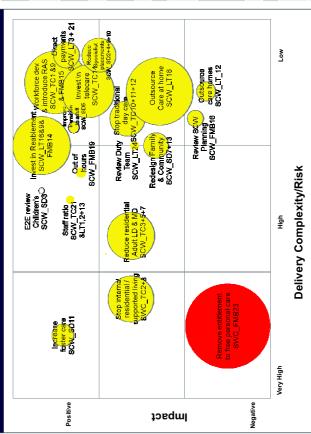
2. Promoting prevention through early intervention

3. Reducing residential care

4. Re-designing adult day support

5. Delivering outcomes focused commissioning

ntation of	
he impact on service and the complexity of implementation of	ransformation options and Efficiencies with barriers
e complexity	Efficiencies v
ervice and th	options and
impact on se	sformation o
he	ran



	Ref	Option description	Value in Yr 5 (£k)
	SCW_TC2+8	Re-provision in-house adult residential / supported living.	1,478
	SCW_TC3+5+7+ 26	Reduce use/length of stay of residential care for adults with mental health issues and spot purchase placements. Do not reinvest all monies from previous service closures.	789
	SCW_TC1+9 & SCW_FMB15	Develop the workforce to improve approaches to personal outcome planning, risk enablement and reflective practise and re-commission Disability Services with the use of a Resource Allocation System and personalised budgets	2,763
	SCW_TC10+11+1 2	Stop in-house adult learning disability day care services and spot purchase as required	525
	SCW_TC14 & SCW_LT19	Develop and implement a strategy for increased use and take up of tele-care within learning disabilities and older persons services	1,648
	SCW_TC21 & SCW_LT1+2+13	Review workforce mix to reduce the number of professional staff and replace with para-professional staff.	45
	SCW_SD2+4+8+1	Reduce the number of specialist care placements for children and young people by redesign and small addition to existing local services	666
	SCW_SD3	End to end review of service provision in children's services	0
	SCW_SD5	Improve early planning for young people moving from Childrens' to Adult' Services	82
	SCW_SD7+13	Redesign of Family and Community Support Services	435
	SCW_SD11	Investment in local fostering and adoption capacity	335
	SCW_LT3 + 21	Move to personalised budgets for people in receipt of home care services	475
	SCW_LT16, SCW_LT9, SCW_FMB14 & SCW_LT20	Invest in reablement to constrain growth.	1,767
	SCW_LT24	Review Social Work Duty team	50
	SCW_FMB16	Redesign Directorate planning & strategy	177
	SCW_FMB19	Review out of hours service as part of the corporate review of staff who work a non standard working week	29
\neg	SCW FMB21	Jointly commission service with other organisations	200
	TOTAL		12,135

Section 3 Service Options (SC&W) (version 1.4a) SC&W: Efficiency options



Γ	Reference	Option description	Value in Yr 5 (£k)	Comment
	SCW_LT18	Outsource care-at-home-services	1,465	
	SCW_T23	Stop subsidising criminal justice social work – provide only with Northern Community Justice Authority grant	350	
	SCW_FMB1	Review all Directorate Support Services	250	
	SCW_LT8+LT27+28	Re-tender for care-at-home-services to reduce costs	624	
	SCW_LT15	Review of all Supporting People packages	200	
	SCW_LT25	Review charges for respite services according to financial circumstances of carer i.e. if carers can afford to pay for respite charge the full cost	217	
	SCW_SD6	Introduction of charging for Children's Services	7	
	SCW_TC15+16+17	Rationalise the welfare rights / debt advise and financial inclusion services	70	
	SCW_FMB2	Review/Cap Kinship Payments	20	
	SCW_TC18	Re-commission Integrated Community Drug Rehabilitation Service	48	
	SCW_FMB3	Revise the charging policy with a 5% increase in all charges	20	
	SCW-TC19	Re-evaluate social work contribution to Integrated Addiction Services	79	
	SCW_TC24	Re-evaluate provision of Mental Health day services/stop growth	9	
	SCW_SD14	Renegotiate commissioned services from the third sector in community & youth justice	129	
	SCW_SD9	Change relationship with provision of services for children with disabilities	25	
	SCW_SD15	Outsource 4 children's homes	24	
٦	SCW_FMB8	Reduce budget for Learning and Development Team by 2%	16	
		2% year on year uplift built into SCM commissioned costs (exc op res + nursing) stripped back to 1% year on year increase	191	767 With barriers
		Opt out of national home care rate and uplift rate by 2% year on year	430	430 With Risk
		Opt out of national care home rate - not paying quality award element of fee	1,456	1,456 With Risk
	SCW_LT_12	Transfer 2 care homes for older people to external provider	0	
	SCW_LT_14	Close two ACC care homes for older people	173	
	TOTAL		6,736	

Efficiency options will deliver better value for money on services provided by: 1. Improving existing commissioning arrangements with 3rd party provider 2. Commissioning more services externally	3.Ensuring individual clients have the most cost effective care packages suitable to meet their level of need 4.Improving internal processes and practices
--	--

The efficiency option to outsource care-at-home has also been plotted on the 9 box chart on page 13 due its savings potential.

Page 16

Section 3 Service Options (SC&W) (version 1.4a) SC&W: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

CMT preferred order of	implementation, ranked	against Council priorities,	up to trie point triat any outstanding funding gap is	filled

Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
_	SCW_TC25	Stop funding community carers & room to care	68	
41	SCW_TC22	Stop Employability Services	09	
	SCW_FMB23	Remove entitlement to free personal care	5,000	
62	SCW_LT6+Lt7	Re-provision in-house day care centres (Craigton Road & Kingswood)	310	
	SCW_FMB6	Stop kinship care payments	787	787 With risk
74	SCW_FMB5	Stop Directorate policy and strategic development	1,053	
75	SCW_FMB10	Stop funding mental health day care	274	
82	SCW_FMB4	Stop Integrated Community Drug Rehabilitation Service Services (Adult Addictions)	707	
83	SCW_FMB12	Reduce threshold for service eligibility to emergency	0	

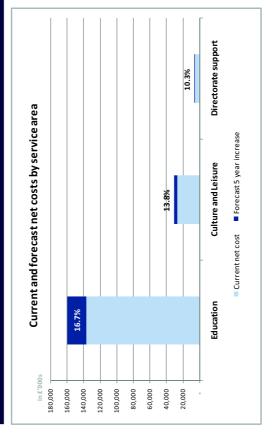
Section 3 Service Options (EC&S) (version 1.4a)

Education, Culture & Sport (EC&S): Cost of services



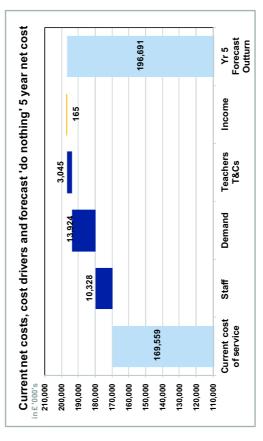
ABERDEEN CITY COUNCIL

The current net cost of Education, Culture and Sport services is £170m*. This cost is forecast to rise by 16% to £197m by 2015/16.





slight increase in the proportion of total net costs incurred by Education The effect of the entire Directorate forecast cost pressures will be a services, from 80.6% to 81.1%.



The cost pressures that will impact on EC&S services over the next 5 years are driven by:

- Rising cost of staff, in particular nationally set teacher's T&Cs
- · An increase in demand for services due to changing demographics and rising instances of Additional Needs

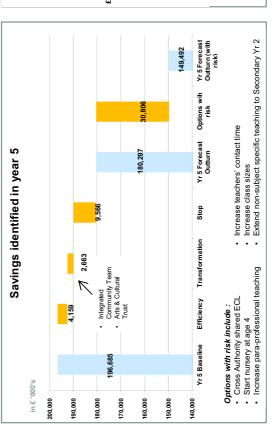
These cost pressures are marginally offset by a forecast increase in services generating income due to the rising levels of demand.

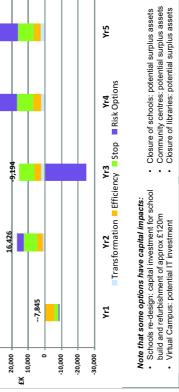
^{*} Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund

Section 3 Service Options (EC&S) (version 1.4a) Summary of EC&S savings



- CITY COUNCIL A total of £55m of savings have been identified for Education, Culture & Sport services.
- £30.8m of identified savings come from high risk options and can only be achieved with changes to national agreements.
- Total savings represent 28% of the Directorate baseline. The £16.2m of core savings which have been identified represent 8% of the Directorate 5 year baseline.





7,194

48,205

40,000

30,000

000'09 50,000

Annual Profile of Savings

Phasing of options reflects the lead time needed to implement high risk options. The greatest savings can be achieved from high risk options relating to

schools re-design option assumes a significant capital investment over expenditure requirements are not reflected in this chart but the wider the next 20 years and reductions in library, community and cultural Implementation costs mainly relate to impacts of staffing. Capital services may release capital assets.

> Otherwise, the largest savings from this Directorate come from reducing unions and national government, along with a shift in public expectations.

delivery of Education services. These options require negotiations with

changes to traditional staffing models and a radical change in the

or stopping services.

Section 3 Service Options (EC&S) (version 1.4a)

EC&S: Transformation options



resources on actual service delivery, whilst increasing curriculum choice and Transformation options will reduce overall costs and focus financial encouraging independence and lifelong learning through:

- 1. Re-designing Education provision and creating a different service delivery model
- 2. Greater shared provision or commissioning of services in Community learning and Additional Support Needs
- 3. Consolidation of Cultural and Sports services into a Trust, potentially operating at a regional level for greater synergies

Ref	Option description	Value in Yr 5 (£k)
ECS1-C1	Integrated Communities Service	1,106
ECS1_C26	Reduce the number of out of authority placements by redesign and small addition to existing local services	1,190
ECS1-C3	Move to Cultural Trust	144
ECS_E11	Redesign of senior secondary school towards a Virtual City Campus	94
ECS1-C17	Educational Psychology: Develop joint/alternative service delivery	35
ECS_E9b	Redesign of secondary school estate	-1,034
ECS_E20b	Redesign the profile of professional staffing in secondary schools	6,083
ECS_E7c	Redesign the profile of professional staffing in primary schools	5,181
ECS_E3	Start nursery at 4 years	3,388
ECS1_C25	Potential shared services with other local authorities	450
ECS1-C6	Create Community Collections Centre & redeveloped Art Gallery	-50
ECS1-C7	Create Libraries & Information Heritage Centre	-20
TOTAL		16,537

۲o Integrated community vice ECS1-C1 lacements \$1 C26 The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers d ECL 1 C25 Virtual campus ECS_E11 Educational psychology ECS1C17 **Delivery Complexity/Risk** Cultural Trust ECS1-C3 Redesign ECS E9b at 4 at 5 世 Very High Positive Negative Impact

Options that have been identified as higher risk are those that have significant barriers to implementation, these include:

- 1. Changes in statute
- 2. Changes to national agreements
- 3. Agreement from some other 3rd party that cannot be assumed

Higher risk options (including efficiency and Stop / Reduce) are shown in red above

* The figures presented are the proposed savings. Therefore when a **Aberdeen City Council** figure is a negative, i.e. -1034, what is being indicated is either an investment or a decrease in income.

Page 20

Section 3 Service Options (EC&S) (version 1.4a) EC&S: Efficiency options





	Reference	Option description	Value in	Comment
Efficiency options will deliver	ECS1-C10	Root and branch review of commissioned arts and sports services	1.800	
better value for money on	ECS_E37	Change the delivery model of music tuition	962	
Selvices provided by:	ECS_E19	Rationalise school administration	578	
I. Reviewing confinissioned services	ECS_E8d	Increase class sizes in primary schools – P1 from 18 to 25	440	
2. Increasing productivity	ECS_E4	Provide 1 nursery teacher for each school	265	
through changes to the	ECS_E30	Changes to terms of engagement of casual teachers	250	
teachers	ECS_E35	Contracting supply teachers for pupil attendance time only	168	
3. Making optimal use of	ECS1-C20	Educational Psychology: Not filling current vacant posts	168	
school facilities	ECS1_C22	Contract out catering at beach ballroom / art gallery OR income generate	85	
Options regarding teachers'	ECS_E5	Nursery nurses to provide non class contact cover for nursery teachers	80	
terms and conditions have	ECS_E32	Pensions reduction: no contribution for temporary promoted posts	26	
been identified as a higher	ECS_E36	Remove devolved educational management savings targets for schools	-2,500	
required changes to national	ECS_E40	Maximising class sizes in upper stages of secondary school	1,457	
agreements.	ECS_E26	Increase teaching time to match pupil time in secondary schools	4,840	4,840 With Risk
	ECS_E31a	Extend non-subject specific/generic teaching until end of S2	4,418	4,418 With Risk
	ECS_E6	Increase teaching time to match pupil time in primary schools	2,480	2,480 With Risk

700 With Risk

2,500 With Risk

1,800 With Risk

Aberdeen City Council			
	29,369		TOTAL
	000'6	ECS_E41 Absorb the anticipated increase in demand for ASN services within current costs	ECS_E41
	200	Ruthieston Community Centre to enable transfer to leased Community Centre status	ECS_C27
	18	Ruthieston Community Centre to enable transfer to leased Community Centre	ECS_C27

Establishment of revenue funding for Old Torry Community Centre and for

Remove budgeted pay award to reflect any future national agreement

Raise P1 to 3 class sizes to 33 and composite classes in P1 to 3 to 30

All secondary S1 & S2 classes at 30

ECS_E10 ECS_E8c

ECS_E39

Section 3 Service Options (EC&S) (version 1.4a) EC&S: Identified Stop / Reduce options



CITY COUNCIL

It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

cMT preferred order of 13

CMT preferred order of 15

implementation, ranked 24

against Council priorities, 27

up to the point that any 30

outstanding funding gap is 31

filled 35

Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options

 Stop options also exist for these items totalling approx £4m (ECS_E13 & E15) ** These options form part of ECS-C3 but are included in this list for visibility.

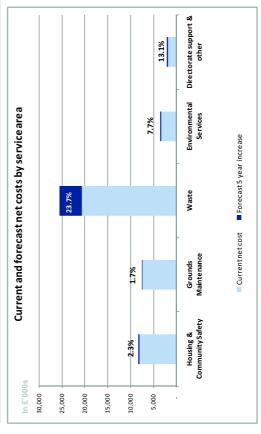
Priority ranking	Reference	Option description	Value in Yr 5 (£k)
39	ECS_E22	Reduce Pupil Support Assistants provision by 50% in primary schools	2,850
13	ECS_E9a	Secondary school estate – close 2 schools	2,346
15	ECS_E29a	Primary school estate – close 5 schools	1,015
24	ECS1-C9	Close up to 8 Community Libraries over 5 years	452
27	ECS_E17a	Additional Support Needs: Increase teacher / pupil ratios to 1:10 - Secondary	009
30	ECS_E18a	Additional Support Needs: Increase teacher/ pupil ratios to 1:10 - Primary	200
31	ECS_E24	Reduce Pupil Support Assistants provision by 50% in secondary schools	1,000
35	ECS_E12	Withdraw music tuition	450
40	ECS1-C11a	Community Centres - review council financial support	58
54	ECS_E28	Close Music School	0
55	ECS1-C11e	Provision of development programme grant and building revenue costs to leased Centres in regeneration areas only	353
64	ECS_E34	Stop Curriculum for Excellence training in Modern Foreign Languages	100
65	ECS1-C8	Close all 16 Community Libraries	994
89	ECS1-C13	Cease communities teams services	5,676
69	ECS_E14	Reduce Teacher Support for Learning allocation – secondary schools	\$60*
70	ECS_E16	Reduce Teacher Support for Learning allocation – primary schools	*089
71	ECS1-C11f	Cease all Council financial support including development programme grant and building revenue costs to leased Community centres	127
72	ECS_E25	Stop pre-school education	4,293
92	ECS_E21	Remove remaining Pupil Support Assistants provision in primary schools	2,850
77	ECS_E23	Remove remaining Pupil Support Assistants provision in secondary schools	1,000
81	ECS1-C2	Close all art galleries & museum visitor venues (over 4 years)	735**
87	ECS1-C2a	Close all art galleries & museum visitor venues (1 year)	**0

Section 3 Service Options (H&E) (version 1.4a)

Housing & Environment (H&E): Cost of services



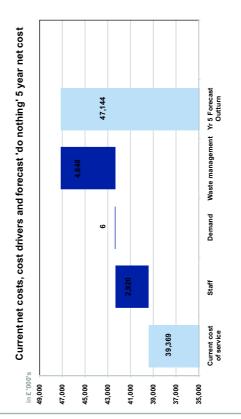
The current net cost of Housing and Environment services (excluding HRA) is £39m*. This cost is forecast to rise by 20% to £47m by 2015/16.





Waste services account for the majority of current net costs (£20.7m) and has the largest 5 year forecast cost pressures (23%).

The effect of all Directorate forecast cost pressures will be an increase in the proportion of total net costs incurred by Waste services, from 52.5% to 54.3%.



The cost pressures that will impact on H&E services over the next 5 years are driven by:

- Rising cost of ACC staff
- Increasing requirements for waste management
 - Rising demand for services

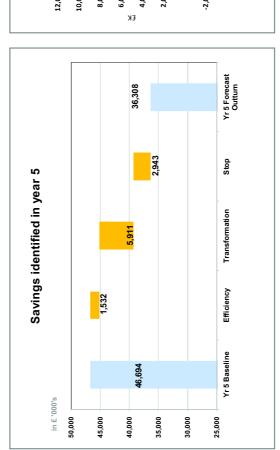
No increase in income has been forecast.

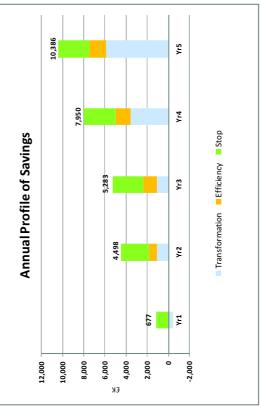
^{*} Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund

Section 3 Service Options (H&E) (version 1.4a) Summary of H&E savings



- A total of £19.9m of savings opportunities have been identified for H&E services.
- This is equivalent to 22% of the Directorate's 5 year forecast baseline.
- There are no options which have been highlighted as being high risk, although the benefit profile need to be refined as detailed implementation plans are developed for the options chosen.





The majority of the savings from Housing and Environment are derived from transformation options, most significantly predicted savings of £4.8m from reviewing the waste strategy . A further £1m of transformation savings will arise from externalising services

Revenue investment requirements for the waste strategy are estimated to be £500K in year 1.

Efficiency options have a net £36K of implementation costs in year 1, with all options returning benefits from year 2.

Section 3 Service Options (H&E) (version 1.4a)

H&E: Transformation options



Transformation options will create a new service delivery model that is able to meet demands on services and remove cost from the baseline:

The impact on service and the complexity of implementation of

1.Waste strategy will implement a long-term waste strategy that changes the way waste is collected and delivers agreed waste targets. It will leverage full benefit from partnership opportunities

 Core environmental services will be market tested to determine the optimum delivery framework for each service.

			_
Ref	Option description	Value in Yr 5 (£k)	
HE_ES_WS2	Review existing Waste Strategy to determine most cost effective options for diverting waste from landfill	4,822	
HE_ES_GM05	External delivery or attain equivalent efficiency savings on grounds maintenance service	629	
HE_ES_ST5	External delivery / attain equivalent efficiency savings on street cleaning service	300	
HE_HCS_H01(viii)	HE_HCS_H01(viii) Establish Private Sector Leasing Scheme	100	
HE_EP_EP02	Merge Emergency Planning team with SCG support group and potential outsource of some activities	30	
	Property Services LLP	8,940	
	Lobby for removal of landfill tax	280	
TOTAL		15,431	

Only H&E options that relate to the General Fund have been considered in this document.

Delivery Complexity/Risk

Very High

Negative

۲o

Options relating to the HRA have been identified however their impact (if any) on the net position on the General Fund is yet to be determined.

Section 3 Service Options (H&E) (version 1.4a) H&E: Efficiency options



Several efficiency options identified are incompatible with alternative Transformation options that have been agreed. For this reason, their savings have not been recognised. However they remain valid options in the event that the alternative Transformation options are not implemented

Reference	Option description	Value in Yr 5 (£k)
HE_ES_WS3	External delivery or attain equivalent efficiency savings in domestic waste collection	650
HE_ES_WS9	Increase commercial waste collection charges	270
HE_ES_HT04	Implement mobile working for field staff in Trading Standards and Environmental Health	180
HE-ES-PT5	Close all toilets except two and run a community toilet scheme	151
HE_ES_WS10	Invest in 1 FTE to work with communities to divert waste from landfill by improving recycling	75
HE_ES_HT01	Restructure Environmental Health and Trading Standards	20
HE_HCS_S01 (iii)	HE_HCS_S01 (iii) Restructuring of Housing Strategy (non HRA) team	40
HE_ES_WS8	Short-term improvements to recycling performance at Recycling Centres	38
HE_ES_ASSL2	Scientific Labs to seek and increase the level of work from the private sector.	33
HE_ES_HT03	Cease non-statutory food surveillance sampling which will reduce income in Scientific Services Laboratory	25
TOTAL		1,532

Section 3 Service Options (H&E) (version 1.4a)

H&E: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
20	HE_ES_ASSL1	Sub contract high cost / low volume testing to companies that can carry out work cheaper than labs	50	
23	HE_HCS_CS05(xi)	Remove funding for deploying street urinals	8	
25	HE_HCS_CS05(xii)	HE_HCS_CS05(xii) Remove budgets for transport marshals	70	
25	HE_HCS_CS05(vii)	HE_HCS_CS05(vii) Private sector / commercial mediation	25	
26	HE_HCS_CS05(viii)	HE_HCS_CS05(viii) Remove budget for community based reparation service	22	
59	HE_HCS_HM02	Stop Instant Neighbour Contract	0	Saving would be made in 0 HRA not General Fund
8	HE_HCS_CS05(v)	Remove funding of Inspector working to address antisocial behaviour (in line with national agreements)	89	
4	HE_ES_PT01	Close all toilets with no community toilet scheme	70	
43	HE_ES_ST1	Reduce street cleaning (specific service reduction options)	155	
4	HE_ES_GM01	Reduce grounds maintenance (specific service reduction options)	416	
45	HE_ES_WS5	Remove Recycling Points in areas covered by kerbside collections	69	
46	HE_HCS_CS05(x)	Street Football – remove funding	5	
49	HE_ES_WS7	Remove paper recycling in multi occupancy areas	0	0 Savings up to Yr 4 only
20	HE_HCS_CS05(vi)	Agreement to remove funding for dispersal of groups and closure of premises	Ó	
51	HE_HCS_CS05(ix)	Agreement to remove funding for Safer Aberdeen Programme	12	
26	HE_ES_PC01	Close all parks and gardens and cease maintenance	1,141	
61	HE_HCS_S02(ii)	Stop Scheme of Assistance	117	
73	HE_HCS_S02(i)	Reduce provision on housing support	100	

Page 27

double count of savings

have been identified

total savings unless

have been included in current calculations of

Reduce options were

All Housing and Environment Stop /

'above the line' and

Aberdeen City Council

outstanding funding gap is filled

implementation, ranked against Council priorities,

up to the point that any

CMT preferred order of

Section 3 Service Options (H&E) (version 1.4a)

H&E: Additional Stop / Reduce options



Additional savings items have been identified by the Directorate following the Corporate Roundtable. These items replace savings quoted for a Transformation option which upon investigation was found to be unfeasible. The options below were therefore not ranked in the ACC prioritised list of stop and reduce options but are included in the overall Directorate and ACC savings total.

Comment																	
Value in Yr 5 (£k)	176	128	15	S	27	22	7	25	7	02	ന	ന	_	52	25	30	2929
Option description	Increase Bereavement Services charges (cremation and burial fees) by 10%	Close all public toilets and replace with community toilet scheme	Remove funding used by Community Safety Managers for local neighbourhood safety initiatives	Remove funding from Aberdeen Safer Trust for Community Safety Partnerships small grants scheme	Remove funding contribution to Sergeant working on addressing antisocial behaviour HE HCS CS05c (in line with national agreements)	Remove funding contribution to Constable working on addressing antisocial behaviour (in line with national agreements)	Remove funding contribution to Community Safety Partnership meeting costs	Reduction in the contingency for ad-hoc grant applications	Remove funding from Wilful Fires Sub Group for diversionary activities initiatives	Remove funding for legal costs of antisocial behaviour case preparation	Remove funding for training budget of Community Safety Partnership members	Remove funding from Community Safety Partnership promotion / marketing budget	Remove funding for subscriptions to national organisations	HE_HCS_CS05m Remove funding for Community Safety partnership analysts	Remove funding contribution for non-HRA activity Antisocial behaviour Investigation	Remove funding contribution for non-HRA activity from Aberdeen Families Project	
Reference	HE_ES_BSAD1	HE_ES_PT6	HE HCS CS05a	HE_HCS_CS05b	HE HCS CS05c	HE_HCS_CS05d	HE_HCS_CS05e	HE HCS CS05g	HE_HCS_CS05h	HE HCS CS05i	HE_HCS_CS05j	HE_HCS_CS05k	HE_HCS_CS05I	HE_HCS_CS05m	HE_HCS_CS05n	HE_HCS_CS050	TOTAL

Section 3 Service Options (EP&I) (version 1.4a)

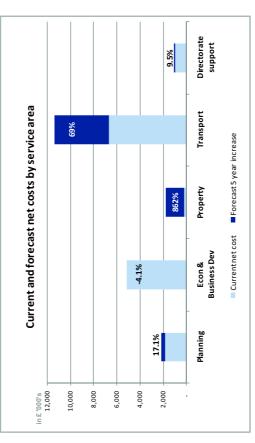
Enterprise, Planning & Infrastructure (EP&I): Cost of

services



ABERDEEN CITY COUNCIL

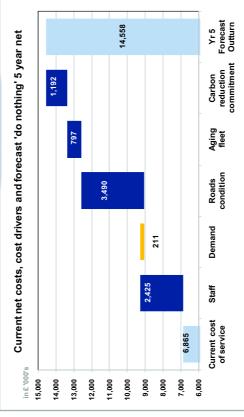
The current net cost of Enterprise, Planning and Infrastructure services is £6.8m*. This cost is forecast to rise by 112% to £14.5m by 2015/16.



The chart above does not show the net income of trading services, although these are included in the total net cost figures.

Asset management & operations account for the majority of current net costs forecast cost pressures over the next five years. The largest % forecast (£6.7m) and with a predicted increase of £4.6m account for the largest increase in net costs is within Property services.

(from 2% to 12%) and a corresponding decrease in the proportion of total net increase in the proportion of total net costs incurred by Property services The effect of all Directorate forecast cost pressures will be a significant cost from other services.



The cost pressures that will impact on EP&I services over the next 5 years are driven by:

- Rising cost of ACC staff
- The deteriorating condition of roads, which increases the cost to maintain them
- An ageing fleet of vehicles, increasing the cost to maintain and run
 - Increased targets in carbon reduction to be met

These cost pressures are marginally offset by some falling costs due to a fall in expected demand for some services.

* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance

Section 3 Service Options (EP&I) (version 1.4a) Summary of EP&I savings



- A total £22.9m of savings have been identified for EP&I services.
- £12.9m of this relates to core savings and income opportunities, equivalent to 88% of the Directorate's 5 year net forecast baseline. (gross budget is 30.6%)
- A further £ 2.8m of new income has been identified as higher risk options.
- £6.9m of year 5 net revenue savings have been identified from capital options.





The total identified savings are the revenue impact of 3 capital options: Investment in roads (AMO17) and sale of property (AMO11a &11b). The former creates a revenue saving in reduced maintenance costs, while the latter could reduce revenue rental income. The net effect of these options are shown in a separate bar on the chart above (capital option saving).

Two revenue generation options have been identified as having implementation risks as both require national agreement amendments (AMO25 – PCN rate change & AMO26 – road user charging).

The revenue impact of capital options is included in the chart above, however the capital finance requirements are not included, notably roads investment (estimated £21.7m investment p/a) and the receipt of sale of properly assets.

The option to introduce road user charging requires significant revenue implementation costs in year 3. Capital investment is also required for a system holding vehicle registration numbers.

Section 3 Service Options (EP&I) (version 1.4a) EP&I: Transformation options



Transformation options include a combination of targeted investment, changes in service delivery models and optimising use of capital assets, including:

- 1. Investment in roads infrastructure to reduce the long-term cost of repair.
- 2. Investment in the city's economic development agenda
- 3. A framework of strategic partnerships for delivery services (including parking , road services, & facilities management)
- 4. Shared service arrangements for public transport services
- 5. Optimisation of investment and asset portfolios (making disposals where necessary)

ions & Efficien		PRESICT AND ADDRESS OF THE PRESICT ADDRESS OF THE PRES	SOOM 14 South State Company 14 South State Company 14 South State Company 15 South State Co	High Delivery Complexity/Risk
Transformation options & Efficiencies with barriers	Department of the control of the con	Shwell Facilities Dividing to the property of		Novity/Dick

Options that have been identified as higher risk are those that have significant barriers to implementation, these include:

- 1. Changes in legislation
- 2. Changes to national agreements or policy
- 3. Agreement from some other 3rd party that cannot be assumed

Higher risk options (including efficiency)are shown in red above

12,910 22 31 559 5 31 4.481 Value in Yr 5 (£k) 7,735 Pubic Transport Unit shared service with a possible transfer Assimilate Environmental & waste services from H&E to EP&I Shared facilities management services with public sector Integration across economic development, planning and EPI_AMO17 New investment - additional capital funding for roads Enter into a partnering arrangement for all asset of procurement Central Procurement Unit. Dispose of selected property portfolio management & operations services Full EP&I service review regeneration services Option description EPI AMO11a EPI AMO19 **EPI AMO01** EPI_PSD05 EPI_DIR01 EPI_DIR03 EPI_DIR04 Ref

Section 3 Service Options (EP&I) (version 1.4a) **EP&I: Efficiency options**





	Reference	Option description
Efficiency options will deliver		
better value for money on	EPI_AMO05	Car parking - Increase charges every 2 years
services provided by:	EPI_AM018	Increased mobile and/or remote working for staff through
	EPI_EBD03a	EPI_EBD03a Increase revenue - advertising on fixed assets
1. Increasing income opportunities	EPI_DIR06	Enable renewable energy network for a low carbon econcheat and power, wind farm etc)
2. Improving ACC's energy	EPI_PSD11a	Charge for pre-application consultations and co-ordination
efficiency 3. Introducing new mobile	EPI_AMO09	Use of Wi-Fi for roads Urban Traffic Control communicati Signals)
technologies into everyday practice	EPI_AMO06	Increase revenue – charge for road space used by utility road works
Efficiencies with risk provide	EPI_AMO07	EPI_AMO07 Increase roads revenue - driveway applications
means to raise additional	EPI_EBD03c	EPI_EBD03c Increase revenue - sponsorship of bus shelters / stops
income from motorists, however	EPI_EBD03b	EPI_EBD03b Increase revenue - roundabout sponsorship
they require changes in national	EPI_EBD03d	EPI_EBD03d Only undertake fully funded events
policy and / or legislation	EPI_AMO08	Reduce street lighting whole life costs with energy efficier
	EPI_AMO20	Improved energy efficiency in council buildings

Reference	Option description	Value in Yr 5 (£k)	Comment
EPI_AMO05	Car parking - Increase charges every 2 years	1,911	
EPI_AM018	Increased mobile and/or remote working for staff throughout the Council	780	
EPI_EBD03a	Increase revenue - advertising on fixed assets	750	
EPI_DIR06	Enable renewable energy network for a low carbon economy (combined heat and power, wind farm etc)	400	
EPI_PSD11a	Charge for pre-application consultations and co-ordination of master plans	160	
EPI_AMO09	Use of Wi-Fi for roads Urban Traffic Control communications (Traffic Signals)	92	
EPI_AMO06	Increase revenue – charge for road space used by utility companies during road works	89	
EPI_AMO07	Increase roads revenue - driveway applications	30	
EPI_EBD03c	Increase revenue - sponsorship of bus shelters / stops	30	
EPI_EBD03b	Increase revenue - roundabout sponsorship	20	
EPI_EBD03d	Only undertake fully funded events	442	
EPI_AMO08	Reduce street lighting whole life costs with energy efficient lanterns	19	
EPI_AMO20	Improved energy efficiency in council buildings	14	
EPI_PSD11b	Investigate further options for generating income from environmental projects	10	
EPI_AMO11b	Tactically dispose of property assets to generate capital investment	-798	-798 Capital Option
EPI_DS01	Restructuring EP&I Directorate Support Unit	42	42 With barriers
EPI_AMO24	Optimise parking service operations through different service delivery models	222	222 With barriers
EPI_AMO25	Adopt the Scottish Governments proposed change of the Parking Charge Notices rate to £80 or £100	86	86 Risk
EPI_AMO26	Explore introducing road user charging as part of a review of the Local Transport Strategy to invest in our roads and transport assets	2,738 Risk	Risk
TOTAL		7,016	

Aberdeen City Council

Section 3 Service Options (EP&I) (version 1.4a)

EP&I: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

CMT preferred order of	implementation, ranked	against Council priorities,	up to the point that any	outstanding funding gap is	filled

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
12	EPI_AMO14	Self fund catering (Town House & Kittybrewster) otherwise stop	18	
19	EPI_EBD02e	Reduce marketing materials to minimum	29	
21	EPI_AMO16	Reduce non-housing property maintenance inspections	66	
28	EPI_EBD02c	Reduce economic development to a minimum – stop events, twinning, marketing and graphics (50%)	526	
32	EPI_PSD05a	Public Transport Unit - reduce bus shelter expenditure	158	
33	EPI_AMO15	Reduce school patrols	325	
48	EPI_PSD02	Rationalise planning application management	44	
29	EPI_EBD02g	Reduce economic development team to minimum	1,409	
09	EPI_AMO13	Reduce traffic management and road safety operations	111	
			2,719	

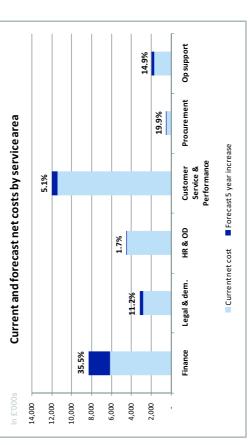
Section 3 Service Options (CG) (version 1.4a)

Corporate Governance (CG): Cost of services



CITY COUNCIL

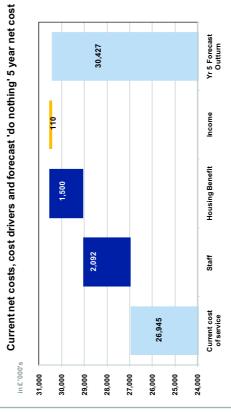
The current net cost of Corporate Governance services is £27m*. This cost is forecast to rise by 12.9% to £30m by 2015/16.



Customer Services and Performance have the largest current Directorate net costs (£11.4m). However Finance has the largest 5 year forecast cost pressures (36%).

The effect of all Directorate forecast pressures will be to:

- Increase the proportion of total net costs that are incurred by Finance, from 23% to 27%.
- •Decrease the proportion of total net costs incurred by Customer Services and Performance from 43% to 40%.



The cost pressures that will impact on Corporate Governance services over the next 5 years are driven by:

- Rising ACC staff costs and
- An increase in demand for Housing benefits service

These cost pressures are marginally offset by a forecast increase in

Page 34

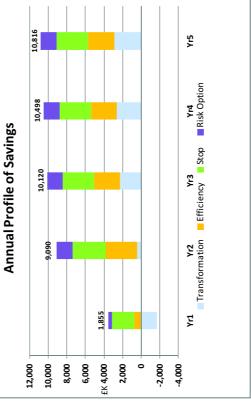
^{*} Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance

Section 3 Service Options (CG) (version 1.4a) Summary of CG savings



- A total of £11.9m of savings have been identified for Corporate Governance services.
- Core savings total £9.1m, which represents 31% of the Directorate's forecast five year baseline.
- £1.7m of savings relate to a 'risk option' where further clarification of legal barriers is required.





The savings profile includes tactical efficiency options for HR, Legal and Finance which will be implemented in years 1 and 2.

It is assumed that options that involve externalisation of services are to be implemented in Year 3.

The sustainable efficiency savings are driven by options to improve administration around the democratic process. Approximately half of the savings in the stop/reduce category (£2.4m) relate to stopping funding for Fairer Scotland.

Savings from transformation options relate in the main to externalisation

of the main back office functions.

Section 3 Service Options (CG) (version 1.4a) CG: Transformation options

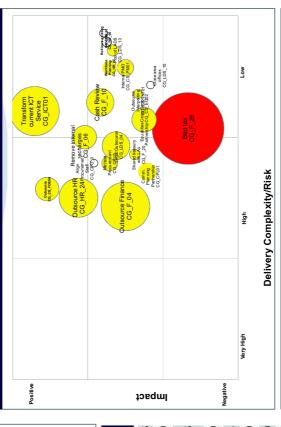


Transformation options will:

- 1. Drive greater standardisation and consolidation of activities.
- 2. Provide a more flexible service able to meet the requirements of a changing customer base
- 3. Streamline and effectively manage information In the future services will either become increasingly centralised within the Council or be delivered by external providers.

Ref	Option description	Value in Yr 5 (£k)
CG_ICT01	External delivery of ICT	803
CG_F_04	External delivery of Finance	780
CG_HR_24	External delivery of Human Resources & Organisational Development	506
CG_LDS_04	External delivery of Legal Services	259
CG_CS_FOS04	External delivery of Customer Services	184
CG_CS_CPL01	External delivery of Community Planning	109
CG_CS_PM01	Programme Management Office - fully internal	06
CG_CPU_5	External delivery of procurement function	80
CG_LDS_13	To create a "pool" of WPO/clerical/admin support across Legal and Democratic Services	42
CG_CPU_3	Re-alignment of procurement staff across the 5 authorities	0
CG_HR_04	Refocus and rationalise existing Health & Safety service	0
TOTAL		2,853

The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers



Options that have been identified as higher risk are those that have significant barriers to implementation. These include:

- 1. Changes in legislation
- 2. Changes to national agreements
- 3. Agreement from some other 3rd party that cannot be assumed

Higher risk options (including efficiency and stop/ reduce) are shown in red above

Section 3 Service Options (CG) (version 1.4a) CG: Efficiency options





CG_CPU_01	CG_CPU_2a	CG_CPU_2b	CG_CPU_7	- C		CG_LDS_18	ол 16
Emclency options will deliver better value for money on	services provided by:	1. Changing internal	processes and structures 2. Maximising income	opportunities	3. Employing external	service providers	

Reference	Option description	Value in Yr 5 (£k)	Comment
CG_CPU_01	Targeted contract savings	200	
cG_cPU_2a	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – Social Care & Wellbeing	1,000	
cG_cPU_2b	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – E P & I ; H &E	350	
CG_CPU_7	Close the Social Work occupational therapy stores and transfer operations to the Whitemyres Centre	105	
cg_LDs_09	Maximise the capabilities of modern.gov capabilities to circulate agendas & change minute style	62	
	Merge Archive and Registrars to form a joint service	52	
	Merge Social Work Assessments into Revenues and Benefits	20	
CG_LDS_08	Transfer committee services from Legal to Democratic Services	44	
	Hire out Town House facilities to external groups and bodies.	38	
	Only one committee member of staff at each committee meeting	29	
	Increasing the number of ceremonies provided, e.g. baby naming	24	
	Expand charging in Archives - family history requests	10	
	Trusts & Common Good - review support	10	
CG_F_10	Cash Review - Area Offices	125 Wi	125 With barriers
000	Equalities function being delivered by cross-sector partnership	200 Wi	200 With barriers
CG_F_06	Remove internal recharges across ACC	182 Wi	182 With barriers
CG_HR_17	Move away from centralised workforce planning in the longer term	75 Wi	75 With barriers
CG_CS_INT01	Externalise delivery of interpreting and translating service	28 Wi	28 With barriers
CG_F_20	Review Treasury transactional activities through joint working	37 Wi	37 With barriers
CG_LDS_15	Closing of Area Offices at Bucksburn and Peterculter	-50 Wi	-50 With barriers
CG_F_26	Bed tax	1,710 With Risk	ith Risk
CG_CPU_2c	Reduce rates on targeted contracts across ACC	1,000	
TOTAL		5,598	

Section 3 Service Options (CG) (version 1.4a)

CG: Efficiency options: Additional options Years 1&2



Additional efficiency options have been identified which will be implemented to improve services prior to implementing an alternative delivery model (i.e. Transformation options). In this case, no efficiency savings are shown in year 5, but savings in Years 1 and 2 are included in the profile of Years 1 to 5 savings. These items are listed below with the total savings for Year 2.

Reference	Option description	Value in Yr 2 (£k)	Comment
CG_HR_07	Payroll incorporated into Human Resource (HR) Service Centre	20	
CG_HR_10	Develop Business Partner Model – basic queries to HR Service Centre	09	
CG_HR_13	Transactional HR Services incorporated into HR Service Centre	09	
CG_LDS_14	Increased use of Paralegals	18	
CG_HR_19	Corporate HR team to focus on core corporate employee issues; client incorporated in HR Service Centre	80	
CG_HR_22	Recruitment and selection processed through the HR Service Centre	105	
CG_LDS_01	Transform in-house delivery of legal services	30	
CG_F-13	Revenue and Benefits establishment review	125	
CG_F_01	Services Accounting - process improvement	140	
TOTAL		638	

Section 3 Service Options (CG) (version 1.4a)

CG: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled

Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options

Section 3 Service Options (version 1.4a) Council wide options



Ref	Option description	Value in Yr 5 (£k)
ACC_SO13	Review Corporate Administration	006
ACC_SO19	Rationalise operational support	25
ACC_SO7	Review and rationalise cross Council ICT	250
ACC_SO18	Reduce management teams	1,075
ACC_SO1	Reduce funding to Grampian Police (in line with national agreements)	3,555
ACC_SO2	Reduce funding to Grampian Fire & Rescue	2,132
ACC_SO6	Reduce miscellaneous grants	605
ACC_SO11	Review terms and conditions of staff	0
ACC_SO9	Review corporate training / conferences	555
ACC_SO3	Reduce funding to Joint Valuation Board	254
ACC_SO5	Reduce staff advertising	100
ACC_SO4	Stop general advertising	09
ACC_SO22	Electronic mail and send	400
ACC_SO17	Self-service administration across the Council	63
ACC_SO21	Move to cash free Council	49
ACC_SO08	Corporate Bond issue	-400
ACC_SO10	Reduce level of contingency	3,000
ACC_SO16	Explore commercial opportunities	0
ACC_SO20	Explore expanding use of Common Good for General Fund	0
ACC_SO_23	Remove discretionary enhancements to pensioners	3,000
ACC_SO_24	Charge levy on car parking for private businesses	0
TOTAL		15,623

These options relate to councilwide savings opportunities.

They have not been included within any individual Directorate savings but are included in the total ACC consolidated position.

Section 3 Service Options (version 1.4a)

Further Innovation



Although a large number of options have been identified, both at Service level and also options that will have an impact across the Council further research across local government in the UK has identified further options for consideration by elected members. They have been included within this section merely to highlight the full scale of potential options, rather than suggesting that these may or may not be appropriate or acceptable.

This list is intended to supplement the existing options that have been identified through dialogue and engagement at Function and Directorate level. These options have not been costed and have not been included within the proposed package of options. The options fall into two key areas – those that impact the scope of service that ACC could deliver and those that relate to the delivery of

1. SCOPE OF SERVICES

- Creation of a Local Authority Bank (commercial basis within legal remit)
- Buy out Post Office and run as a commercial business in the region
- "Easyjet" Council model with differential pricing for services
- Commercialise local authority services (go into the business of providing service)
- Developing centres of excellence and then selling services outside of geographical areas / hosting services to other Councils across **UK** mainland
- Change the 'social contract' with your community, e.g. Big Society agenda (vanguard communities)
- Building Resilient Communities
- Changing behaviours of individuals ('targeting difficult families')

Section 3 Service Options (version 1.4a)

Further Innovation (continued)



2. DELIVERY OF SERVICES

- Creation of separate public entity for the delivery of social care
- Delivery of library services via private sector funding, e.g. via supermarkets or cafes as places to deliver these services in order to attract teenagers and 20 - 30 age group.
- Strategic commissioning hubs
- 'True' commissioning model, e.g. move to North American model of public service provision at local level
- Near Shoring': move services to cheapest part of UK, e.g. Islington runs services out of Manchester
- Cultural change within staff through temporary outsourcing to change working patterns
- Democracy: Put in elected mayor system to cover all local public services
- Joint management teams, education departments etc., with partners across sectors
- Variety of different operating models that move away from Local Authority delivery, e.g. social enterprises, mutuals, co-operatives and community interest company
- Employ a significant part of the workforce through a recruitment agency 'partner' and therefore benefit from alternative terms and
- Other revenue / income avenues e.g. Manchester own a significant part of MCFC, GMEX, airport resulting in a significant cash generator





Section 4 DEPENDENCIES (version 1.4a)

Page 43

Section 4 Inter-dependencies (version 1.4a)

Key options



A. city region agenda Approach to Services

During the Corporate Roundtable, it was recognised that a number of services provided by different Directorates all fit within a wider city region agenda Agenda, each impacting on the same communities within Aberdeen. It was agreed that these services, and the identified options relating to them, should be collectively reviewed to understand the combined effect of services on these communities and the impact of any changes made.

The services and related options identified as within the city region agenda Agenda are:

Directorate	Service	Options identified
Education Culture & Sport	Community Learning	New structure of Community Building
Social Care &Wellbeing	Family & Community Support	Redesign service
Enterprise, Planning & City Wardens Infrastructure	City Wardens	
Housing & Environment	Community Safety	various options
Housing & Environment	Homelessness	Homeless strategy

B. Social Care & Wellbeing (SC&W) and Housing Part of the transformation options within SC&W, aligned to shifting the balance of care, aim to reduce the number of people in residential care. It is anticipated that the Council will need to consider alternative accommodation arrangements to support implementation of this option and this could lead to an increase in demand on Housing Services.

Any cost implications of this demand will need to be considered as the implementation plans become more developed.

C. Customer contact and Out of Hours services

During the Corporate Roundtable, it was recognised that further efficiencies may be possible by consolidating customer contact points across the Council, especially in relation to contact outside of core business hours. SC&M have identified an option to review their "out-of-hours" service. It was also agreed to extend the scope of this to consider other Council services providing "out of hours" customer contact. Services identified as providing "out of hours" services are:

Directorate	Service
Social Care and Wellbeing	Out of hours
Corporate Governance	Regional Contact Centre
Housing & Environment	Building Services call outs

Section 4 Inter-dependencies (version 1.4a) Key options (2)



D. Education and Children's Services

There are a number of inter-dependencies between the benefits accruing from Education options (increasing teacher productivity [ECS_E6 & E26], changes to class sizes [ECS_E8d, E8c, E31a & E10] and the use of para professionals [ECS_E7c & E20b]).

Further options to reduce or stop classroom and learning support have also been identified. The cumulative financial benefits from the chosen options have been included within the analysis of savings.

Serious consideration would have to be given to the impact these options may have on children's education experience. Financial benefits may not therefore be fully realisable, even if existing implementation barriers around national agreements are overcome.

Further dependencies have also been identified with the SC&W option to review Children's Services (SCW_SD3). This option would place additional demands on teaching professionals and the use of para-professionals may limit the ability of teachers taking this wider role.

Opportunities were identified to develop the role of Educational Psychologists to have greater involvement in Children's Services. Full financial and non-financial impacts of these cross Directorate dependencies need to be confirmed.

E. Corporate Governance

The future shape of the services delivered by Corporate Governance will depend on the configuration and nature of delivery of all other services within the Council.

Section 4 Inter-dependencies (version 1.4a)

Impact on Capital Programme



Savings identified relate only to revenue expenditure. It should be noted however that a number of options also have a capital impact. Some require capital investment to be implemented, while others may remove the need for a capital asset and thus create the opportunity for a future capital receipt. The most significant potential capital impacts, which relate to EC&S and EP&I options are highlighted below.

•			
Ref no.	Option	Capital impact	Capital impact where known (£ks)
EPI_PSD08	Stop Western Peripheral Route	De-capitalise investment	
EPI_AMO08	Reduce street lighting whole life costs	Investment	£1.5m in year 1
EPI_AMO09	Use Wi-Fi for Urban Traffic Control	Investment	
EPI_AMO11a	Tactical disposal of property assets	Receipt	73
EPI_AMO11b	Tactical disposal of property assets	Receipt	As above
EPI_AMO17	Additional capital funding for roads	Investment	£21.7m p/a
EPI_AMO18	Increase mobile / remote working	Investment	
EPI_AMO20	Improve energy efficiency	Investment	
EPI_AMO26	Introduce road user charge	Investment – vehicle registration numbers system	
EPI_DIR06	Enable renewable energy network	Investment	
ECS_E9b	Redesign of secondary schools	Investment in new schools & refurbish 2 existing schools	£120m – starting in year 5 and lasting beyond 10 year timeframe for capital programme
ECS_E11	Senior campus	Investment in IT	
ECS_E19	Centralising school admin	Investment in IT	
ECS_E28	Close the Music School	Potential receipt	
ECS_E29a	Closure of 5 primary schools	Potential receipt	
ECS_C2	Closure of art gallery & museums	Potential receipt	
ECS_C9	Closure of 8 community libraries	Potential receipt	
ECS_C11e	Cease financial support to 14 centres	Potential receipt	
ECS1-C6	Create Community Collections Centre & redeveloped Art Gallery	Investment for Collections Centre	£10m – potential for third party funding
ECS1-C7	Libraries & Information Heritage Centre	Investment for Heritage Centre	

the need to release capital. Once identified, the capital impact will need to be considered in the wider context of the Council's timescales of implementation. Loss of income from any disposal of commercial properties also needs to be balanced against Further work is required to fully determine the capital impact of all options. This will in part depend on the details and Capital Programme.



Section 5 NEXT STEPS (version 1.4a)

Page 47

Ensuring Success



challenging package of options within this Plan will directly link into the impact on the people of Aberdeen. This link should not be broken and the development of the next phase needs to home in on delivering against a number of outcomes, The success of delivering against the Council priorities alongside successfully delivering the very ambitious and rather than individual service options.

To deliver this, ACC will need to ensure that it has the strongest possible capability, capacity and governance in place to ensure the successful delivery of the overall 5 Year Business Plan, not just in regards to the discrete Programme, but as an overall Council. Key to this are:

- Development of an appropriate culture within the Council to drive, embrace and embed change
- Clear leadership and strategic direction that will steer, guide and continuously support the change
- Customer and community needs kept at the heart of the change
- Ability to report progress and impact to the local community in order to gain recognition, support and greater autonomy over time

To achieve this, the key steps below need to be finalised by mid February 2011. They are discussed in more detail over the following pages:

	Key Activities
-	Address inter-dependencies
2.	Develop Business Cases for key Transformation options
က်	Develop Implementation Plan
4.	Prepare 5 Year Financial Plan
5.	Complete Business Plan

1. Address inter-dependencies



- A number of inter-dependencies have been identified during the development of service options which need to be resolved in the next stage of development of the Business Plan
- Communicate capital impacts arising from Directorate programmes to the Capital Programme
- Capital expenditure and receipts will need to be profiled for each year
- Review the totality of Transformation options and identify the degree of change impacting on the organisation
- Consider how the organisation will manage a change programme and potential risks of initiating the full package of identified options

2. Develop Business Cases for key Transformation options



- Detailed business cases are needed for key Transformation options articulating the return on investment and timing of benefits
- redundancy, re-deployment or requirements for TUPE. This is vital to establishing investment costs Link in with Workforce Planning to capture the FTE impacts of Transformation options, including required in years 1-3.
- Link in with the Capital Programme to ensure capital expenditure and receipts profile is captured. This is vital to understanding which investment decisions can be funded and when.
- Factor in any upfront professional fees and ongoing inspection costs needed
- The business case may package up Council-wide, cross Directorate options. Inter-dependencies must be clearly understood and documented in these.

3. Develop Implementation Plan



- Early development of the overall Implementation Programme is critical to plan implementation of chosen service options. This needs to consider timing and duration of:
- Stakeholder engagement
- Employee consultation and notice periods
- Negotiations with third parties
- Sale, build or refurbishment of properties
- Critical business-as-usual periods
- In addition a programme and change management process is needed to support the realisation of benefits.
- Processes need to be in place to maintain effective two-way communications and engagement throughout the change.
- Ability to track progress and impact of the change. Benefits will need to be captured as well as the impact changes have on service performance/outcomes.
- Critical to sustaining momentum and pace is early identification of Programme/project capability and capacity resources require supplementing by external organisations, partner organisations or the delivery of training. to sustain implementation. Management information will also be needed to continually test where internal

4. Prepare 5 Year Financial Plan



- A 5 Year Financial Plan will be incorporated within the final 5 Year Business Plan
- The 5 Year Financial Plan will translate service options into subjective budget lines at Level 2 of the service implementation plans are needed to inform the Financial Plan and ensure double counts are avoided. hierarchy only. Information from Directorates on inter-dependencies, details of business cases and
- Confirmation required on funding levels
- Additional overlay to Financial Plan for corporate funding options and financing requirements (including capital financing)
- Perform sensitivity analysis
- Year 1 of the 5 Year Financial Plan forms the basis for the 2011/2012 budget



Glossary (version 1.4a)

ACC - Aberdeen City Council

CG - Corporate Governance

CMT - Corporate Management Team

ECL - Education, Culture, Learning

EC&S – Education, Culture and Sport

EP&I – Enterprise, Planning and Infrastructure

FTE - Full Time Equivalent

H&E – Housing and Environment

HR - Human Resources

HR & OD – Human Resources and Organisational Development

PBB - Priority Based Budgeting

HRA - Housing Revenue Account

SC&W - Social Care and Wellbeing

WPO - Word processor operator

This page is intentionally left blank

QUESTIONS

From Councillor Farquharson to the Leader of the Council

How can you justify the actions of yourself and other Administration Councillors in intervening in the selection process for Council internal and external positions specifically designated for Opposition Councillors? Do you not accept that these appointments should be made by Opposition votes alone or by drawing lots in the event of a tied vote?

As has been made clear to me by the Labour Group secretary, external appointments are not party appointments, but Council appointments. Therefore, those appointments should be made by the whole Council. In the recent case of the Aberdeen Exhibition and Conference Centre (AECC) Board, there were two places reserved for opposition councillors, and the split between the opposition councillors was not specified in the Labour amendment tabled. Two named opposition councillors were properly proposed and seconded. Only when realising the inadequacy of the amendment did the Labour group then propose an un-named Labour representative, necessitating a vote. Since these appointments are Council appointments, I feel I have a responsibility to ensure that the individuals that the Council puts forward to our external partners are the best appropriate members. In the case of the AECC appointment, I could not judge the character of an un-named member and therefore supported the two named nominations. If the opposition groups on the Council cannot phrase amendments to properly reflect their intent, or cannot work together to reach agreement on their nominees, that is not the fault of the administration. I am sure that staff in Legal and Democratic Services are more than willing to offer advice to all councillors to ensure amendments are not only competent, but that they actually and accurately reflect the intent of the mover, thereby removing the need for officers and other members to try and interpret intent by mind-reading, osmosis or other mystic means.

For internal appointments, where the opposition cannot agree their nominees, for instance in the case of the Appointments Panel (there being one Aberdeen Conservative nominee and one Independent nominee for one Conservative/Aberdeen Conservative place), and where it was imperative to reach a conclusion quickly otherwise an opposition place would have been effectively removed from the Panel, it was quite proper that the Urgent Business Committee took that decision to allow a full complement of members to participate in the extremely important process for appointing a new chief executive. It is not the fault of the administration that the two Conservative groups could not reach agreement on a nominee.

Do you not agree that the Administration intervention is a serious breach of democracy and on a personal level is misuse of authority and power?

No, I do not agree. What was unacceptable was Councillor Farquharson's subsequent behaviour, be his failure to show respect for the Convener of the Urgent Business Committee, or his abusive language following the meeting, be that fascist, faggot or fat git. Council staff in particular, should not have to endure such outbursts in their workplace.

QUESTIONS

From Councillor Leslie to the Chief Executive

(1) When did Oakbank School receive a loan from Aberdeen City Council?

The Finance Sub-Committee approved loans to Oakbank School at their meetings of 21 January 1997 and 19 December 1997.

(2) How much was the loan?

An initial loan of £300,000 and thereafter £80,000.

(3) How long was the repayment period over?

The loans were to be short-term, not exceeding one year.

QUESTIONS

From Councillor Young to the Chief Executive

(1) To ask the Chief Executive what steps she has taken to protect the Council Tax payers and citizens of Aberdeen as 100% stock holder in Aberdeen Exhibition and Conference Centre (AECC) following the Council decision back in February 2010 and reinforced in August 2010 that Council only completes the necessary support documentation required to convert the existing £2million Loan Facility into preference shares, on appropriate terms, and extend the repayment date of the £7.5million Loan Facility to 17th May 2017, given that it was subject to AECC replacing three of their current elected member Board members with three new non-elected member Board members to be appointed following external advertisement and appointing a non-elected member chairperson, as agreed by Council in February 2010.

Can the Chief Executive confirm what support, if any, has been given to the AECC between the decision taken in February 2010 and today and can the Chief Executive confirm that under no circumstances, will this Council provide support to the AECC until its current Chairperson demits office as agreed at Council in February 2010 and reinforced in August 2010 and appoints 3 independent Board members?

The Chief Executive can confirm that discussions have taken place with AECC regarding the replacement of Directors and the conversion and extension of loan facilities, as noted in the question. As yet, no conversion or extension has been undertaken and this will not happen until the Board makes the changes requested of it by the Council.

The Chairman and Directors of AECC have given considerable attention to how they might attract new Board members on to the Board of the company pending the anticipated changes in their financial structure and the uncertainty surrounding their involvement with the proposed hotel development.

The Council's recent decision not to support the hotel project and to remove AECC from any direct role in any future development of Council owned assets at or around the AECC has meant that any proposed new Board members of AECC will now have a clearer understanding of their role than may have been the case some months ago. Consequently, we expect AECC Board to make the required personnel changes as soon as possible.

(2) To ask the Chief Executive when she was interviewed for the article in the Holyrood magazine of 1st November 2010, was it before or after the Education, Culture and Sport meeting of 28th October?

The interview with Holyrood magazine took place on 21st October.

(3) To ask the Chief Executive to confirm how many meetings the Chief Executive or her officials have had with Sir Ian Wood or his representatives and the anonymous donator or his/her representatives since the last Council meeting in order to finalise the £50million and £5million gift donation with regard to the Union Terrace Gardens project and to further ask the Chief Executive to confirm when the legal documents confirming the £50million and the £5million donation will be ready for signature by both the donators and the City Council?

Since the last Council meeting the Chief Executive has met with Sir lan Wood on one occasion to discuss progress with the City Garden Project. Through Sir lan Wood a legal letter has been received in respect of the anonymous donor securing that offer and furthermore mechanisms are currently being put in place to receive private sector donations and to use these to fund various aspects of the Project. These mechanisms will involve the creation of a Project Agreement between the City Council and the other major stakeholders setting out the responsibilities and obligations of the various parties.

The exact nature and basis on which any donation is made will be outlined in the Project Agreement, but it is not yet known when this will be signed. However, it is clear that the Agreement will need to be signed before the Council agrees a) to support further progress with the design competition, b) to enter into discussions regarding the basis on which land may be made available to facilitate the Project or c) to decide whether to make available public loans, backed by a TIF scheme, to implement the Project.

<u>From Councillor Young to the Convener of the Housing and Environment Committee</u>

(4) To ask the Convener of Housing and Environment what plans if any the Council has to upgrade the bathrooms, replace the windows and cut down and maintain the trees at "Hamewith" Sheltered Housing complex in the Bridge of Don?

At Hamewith, numbers 1-20 were constructed in 1975 but numbers 21-50 were constructed in 1996. Accordingly the replacement dates for housing capital works vary for each tranche of addresses when applying a lifecycle analysis.

Windows

1 - 20 were last replaced in 1997/98 and are not due until 2028 21 - 50 are not due until 2025 (based on construction date)

The default replacement date will be set at 2025

Kitchen and bathroom upgrades

1 - 20 are scheduled for replacement now.

21- 50 would be due for modernisation in 2016 which passes the cut off date for Scottish Housing Quality Standard.

In this case we will programme to upgrade the kitchens and bathrooms in the whole block in the 2012/13 financial year. This would mean that we are replacing the majority of kitchens 4-5 years before we are scheduled to but would then get the whole block back on the same lifecycle schedule.

The trees and shrubs are part of an ongoing maintenance programme. The shrub work has now been completed for the year. There are no current works planned for the trees although officers are to revisit the site and reassess. Any works required will be programmed in as necessary to next year's work schedules.

QUESTIONS

From Councillor Ironside to the Chief Executive

(1) To ask the Chief Executive what is the Council's policy/protocol regarding Councillors attending tours of the Town House when a school from their electoral ward area is visiting?

Tours by school groups of the Town House are hosted by the Lord Provost or his representative and are listed in his diary of activities. Councillors from the ward in which a visiting school is located would normally be informed of the visit and invited to be in attendance at it.

(2) To ask the Chief Executive why when Kingsford Primary School visited for two tours of the Town House on 29th September, the first tour was hosted by one local member who is part of the Administration with the second hosted by the other local Councillor who is also a member of the Administration, but as the third local Councillor and member of the Opposition, and previous Council Leader, I was not invited?

Unfortunately, due to an administrative oversight on the occasion in question no invitation was issued.

<u>From Councillor Ironside to the Convener of the Enterprise, Planning and Infrastructure Committee</u>

(3) To ask the Convener of Enterprise, Planning and Infrastructure how much in monetary terms has been spent on consultants and other work in the Business Improvement District (BID) to date?

Aberdeen BID Development Company Ltd has spent £161,577.72 on consultants and £47,339.58 on other operational expenses to date.

(4) To ask the Convener of Enterprise, Planning and Infrastructure what progress has been made on the BID so far?

Progress on the Aberdeen Business Improvement District (BID) was most recently reported to the Enterprise, Planning & Infrastructure Committee by way of a bulletin report on 9th November 2010. In summary, considerable progress has been made on the Aberdeen BID to date. Namely, the design, distribution and analysis of a Business Perception and Attitudinal Survey Questionnaire; undertaken the statutory process of pre-ballot consultation (including thematic workshops) and an associated survey of the individual business constituents within the defined Business Improvement District

constituency; definition of the baseline services provided by Aberdeen City Council within the Aberdeen Business Improvement District area in preparation for a Baseline Services Agreement between Aberdeen City Council and Aberdeen Business Improvement District Development Company Ltd; and, following analysis, development of a Business Improvement District Proposal based on the Summary Survey Report and Baseline Services Agreement.

It is anticipated that Aberdeen Business Improvement District will proceed to a statutory ballot of businesses in July 2011, having completed the majority of the preparatory stages utilising the funding allocated to the Business Improvement District by the Energising Aberdeen Fund (26th March 2008). In the event of a successful ballot, the Business Improvement District will generate circa £4m of investment over a 5 year period upon identified city centre priorities identified as a result of the pre-ballot consultations and development activities highlighted above.

Agenda Item 10(a)

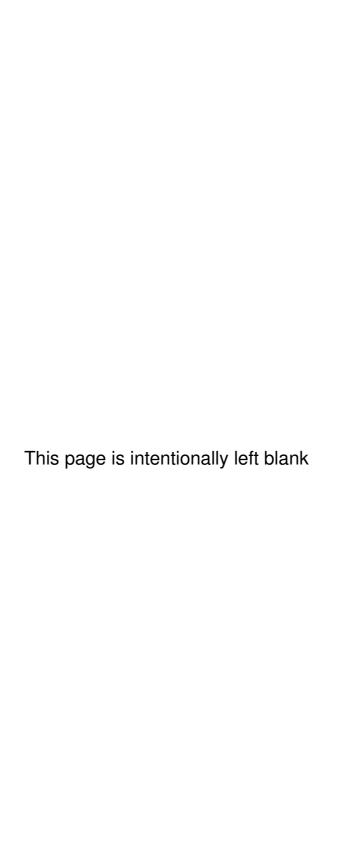
Exempt information as described in paragraph(s) 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

Agenda Item 10(b)

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

Agenda Item 10(c)

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



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

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

Agenda Item 10(d)

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

Agenda Item 10(e)

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

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

Agenda Item 10(f)

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

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

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

Agenda Item 10(g)

Exempt information as described in paragraph(s) 11 of Schedule 7A of the Local Government (Scotland) Act 1973.