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To: All Members of the Council

Town House,
ABERDEEN, 23 February 2016

COUNCIL

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY, 2 MARCH 2016 at 10.30am.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

- 1 Admission of Burgesses
- 2 Determination of Exempt Business
- 3 Requests for Deputations

MINUTES OF COUNCIL

- 4(a) Minute of Meeting of Aberdeen City Council of 16 December 2015 - for approval (circulated separately)
- 4(b) Minute of Meeting of Urgent Business Committee of 6 January 2016 - for approval (Pages 7 - 8)

BUSINESS STATEMENT, MOTIONS LIST AND OTHER MINUTES

- 5(a) Business Statement (Pages 9 - 14)
- 5(b) Motions List (Pages 15 - 16)
- 5(c) Minute of Meeting of Appointment Panel of 13 January 2016 - for approval (Pages 17 - 18)

REFERRALS FROM COMMITTEES IN TERMS OF STANDING ORDER 36(3)

- 6 None to date

GENERAL BUSINESS

- 7(a) Appointments (Pages 19 - 22)
- 7(b) Standards Commission for Scotland Written Decision (Pages 23 - 28)
- 7(c) Relaxation of Drinking in Public Byelaw for BP Big Screens 2016 (Pages 29 - 36)
- 7(d) Treasury Management Policy and Strategy - referred by Finance, Policy and Resources Committee of 16 February 2016 (Pages 37 - 56)
- 7(e) Powers Transferring to Integrated Joint Board for Health and Social Care (to follow)
- 7(f) Aberdeen Inspired - BID Ballot (to follow)
- 7(g) Transport Implications - City Centre Masterplan Projects (to follow)
- 7(h) Twinning and International Partnerships (to follow)

MOTIONS

8(a) Motion by Councillor Laing

“Council notes the Conservative Government is proposing a Trade Union Bill that will restrict the ability of this Council to engage in good industrial relations practices with our workforce and their representatives.

Council believes the collection of union dues through the check-off arrangement, from which the Council receives income, is part of the Council’s collective and contractual arrangements with the trades unions, which the Council will defend and support.

Council commits not to use agency staff to break or weaken industrial action and to continue to support arrangements that afford trade union representatives sufficient resources to enable them to carry out their functions to ensure the continuation of good industrial relations.

Council instructs the Chief Executive to write to the Secretary of State for Business, Innovation and Skills stating the Council’s opposition to this Bill and any attacks on facility time or check off.”

8(b) Motion by Councillor Nicoll

“That officers identify and implement a system of work whereby areas currently identified in the Local Development Plan for development are circulated to the Directorates of the Council with a view to them identifying and commenting on possible developer obligations those Directorates consider may be appropriate or may become appropriate should any request be received from a developer to progress a specific development.

Instruct senior officers in Aberdeen City Council Directorates to keep under review possible planning obligations that may be sought from a developer should an area identified in the Local Development Plan as suitable for development be progressed.”

8(c) Motion by Councillor Jackie Dunbar

“Council values the excellent and mutually respectful working relationship which it has with both the workforce and their Trade Unions.

Council considers this positive relationship to be one which benefits both workers and the city alike and respects the need for Trade Union representatives to use facility time to conduct their legitimate business. Council supports the collection of dues through the check-off arrangement, from which the Council receives income, and defends these Trade Union arrangements.

Council believes that the Trade Union Bill, proposed by the current Conservative

UK Government, but not yet law, will restrict the ability of this Council to engage in good industrial relations practices with our workforce and their Trade Union representatives.

Council commits not to use agency staff to break or weaken industrial action in relation to this matter, requests the Council Leader to write to the Secretary of State for Business, Innovation and Skills stating the Council's opposition to this Bill and our resolve not to willingly co-operate with any attacks on facility time or check-off and to demand that the income which will be lost to the Council, should this draconian bill be passed, is reimbursed."

8(d) Motion by Councillor Thomson

"Council notes that Aberdeen is home to two award winning and world class universities in the University of Aberdeen and Robert Gordon University. Both universities offer outstanding opportunities for graduate employment.

Recognises that Aberdeen University is internationally renowned for its world leading research capability including a strong track record in bio and life sciences. Further that Robert Gordon University has achieved international recognition for delivering quality professional education and has a track record of fostering innovation and enterprise.

Notes that the SNP Scottish Government is intent with pressing ahead with damaging university reforms as part of the Higher education Governance Bill which will politicise and undermine the effective working of our higher education institutions.

Council further notes that Jennifer Crow, Chair of the Board at Robert Gordon University, and Moir Lockhead, Senior Governor at the University of Aberdeen, have joined 16 other Scottish University chairs in writing an open letter to the Scottish Government warning them of the most serious consequences of the Bill.

Council believes that this open letter is a significant intervention by some of the most high profile and respected figures in the worlds of law, media, education, banking, religion, business, health and government.

Council agrees that the proposed changes will "reverse the excellent progress that has been made towards achieving equality and diversity" within the very important role of chairing a governing body.

Agrees that the Scottish Government has still produced no evidence to support why it considers the bill to be necessary and, at the same time, it has dismissed all the evidence from those in the sector who would be asked to deliver the changes.

Council instructs the Chief Executive to write to the Cabinet Secretary for Education and Lifelong Learning stating the Council's opposition to the Scottish

Government's proposal to introduce new elected chairs of University courts further stating that instead of a one size fits all approach Ministers should respect the autonomy and diversity of the sector."

BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE

- 9(a) Minute of Meeting of Social Work Complaints Review Committee of 21 January 2016 - for approval (Pages 57 - 68)

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<http://committees.aberdeencity.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13013&path=13004>

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URGENT BUSINESS COMMITTEE

ABERDEEN, 6 January 2016. Minute of Meeting of the URGENT BUSINESS COMMITTEE. Present:- Councillor Young, Acting Convener; and Councillors Boulton, Cameron, Carle (substituting for Councillor Laing), Cooney, Crockett, Dickson, Jackie Dunbar, Flynn, Taylor, Thomson, Townson and Yuill.

The agenda and reports associated with this minute can be found at:-
<http://committees.aberdeencity.gov.uk/ielListDocuments.aspx?CId=334&MId=4102&Ver=4>

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

APPOINTMENT OF CONVENER

1. It was agreed that Councillor Young chair the meeting in the absence of Councillor Laing.

DETERMINATION OF URGENT BUSINESS

2. In terms of Standing Order 28(6)(vi), and in accordance with Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Committee was informed that it had to determine (1) that the items on the agenda were of an urgent nature; and (2) that the Committee required to consider the items and take decisions thereon.

The Committee resolved:-

to agree that the items were of an urgent nature and required to be considered this day.

ABERDEEN CITY CENTRE BUSINESS IMPROVEMENT DISTRICT (BID) PROPOSAL - CHI/015/346

3. The Committee had before it a report by the Chief Executive which considered the Council's option to veto the BID renewal proposals submitted by Aberdeen Inspired, and if the ballot was to go ahead, the date on which it would be held.

The report recommended:-

that the Committee -

- (a) resolve not to veto the BID renewal proposals drawn up by Aberdeen Inspired in respect of the Aberdeen City Centre Business Improvement District and instruct the Chief Executive to arrange for issue of the appropriate notices under section 42 of the Planning etc. (Scotland) Act 2006; and
- (b) in the event of recommendation (a) being approved, instruct the Chief Executive as Returning Officer to hold a BID renewal ballot on 17 March 2016 in relation to

URGENT BUSINESS COMMITTEE

6 January 2016

the BID renewal proposals and to take any other actions which may be required in connection with this process.

The Committee resolved:-

to approve the recommendations.

CHIEF OFFICER APPOINTMENT - HEAD OF PLANNING AND SUSTAINABLE DEVELOPMENT

4. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which sought approval for the establishment of an Appointment Panel for recruitment to the vacant Chief Officer post of Head of Planning and Sustainable Development.

The report recommended:-

that the Committee -

- (a) agree to establish an Appointment Panel comprising nine members in total (3+3+1+1+1) to appoint to the Head of Planning and Sustainable Development, and to identify a Panel Convener;
- (b) delegate powers to the Appointment Panel to agree all matters relating to the recruitment process, including role profile, person specification and salary;
- (c) in respect of the timescale for recruitment processes, to agree that powers be delegated to relevant officers to finalise this timeline, in consultation with the Convener of the Panel;
- (d) appoint external recruitment consultants for the purposes of supporting the recruitment to the post where appropriate;
- (e) invoke Standing Order 1(6)(a) of the Council's Standing Orders relating to Contracts and Procurement to dis-apply the requirements of Standing Order 5, thereby allowing a contract to be entered into with a recruitment consultancy to support the recruitment process for this post, without the need to undertake a competitive tendering exercise; and
- (f) agree the estimated expenditure associated with this recruitment exercise, which was estimated to be no more than £50,000, and that these costs be met from contingencies.

The Committee resolved:-

- (i) to approve the recommendations, agreeing that the Appointment Panel would appoint a Convener at its first meeting and noting that the SNP members would be Councillors Corall, Dickson and MacGregor; and
- (ii) to instruct officers to report to the next meeting of the Finance, Policy and Resources Committee in regard to tendering for the provision of external recruitment services.

- WILLIAM YOUNG, Acting Convener.

**COUNCIL
BUSINESS STATEMENT
2 MARCH 2016**

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

Reports which are overdue are shaded

<u>No.</u>	<u>Minute Reference</u>	<u>Council/Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>
1.	Council 08.10.14 Article 13	<u>Standing Orders on Contracts and Procurement</u> The Council noted that legislation which would require to be reflected in revisions to the Standing Orders on Contracts and Procurement was expected during 2015 and that a report would be submitted thereafter.	This matter is now due to be reported to the Finance, Policy and Resources Committee on 19 April 2016 and can therefore be removed.	Director of Corporate Governance	02.03.16
2.	Council 16.12.15 Article 19	<u>Transport Implications - City Centre Masterplan</u> The Council resolved:- (i) to note the outcomes of the transportation assessment and traffic modelling undertaken for the City Centre Masterplan interventions for Broad Street, Schoolhill/Upperkirkgate, Golden Square, Bon Accord Square, Schoolhill Pocket Park, Castlegate and Queen Street; (ii) to instruct officers to revoke with	A report is listed on the agenda.	Director of Communities, Housing and Infrastructure	02.03.16

<u>No.</u>	<u>Minute Reference</u>	<u>Council/Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>
		<p>immediate effect the temporary traffic order stopping traffic from Virginia Street entering Guild Street and adjust traffic light sequences as necessary;</p> <p>(iii) to instruct officers to revoke with immediate effect the temporary traffic order stopping traffic on Broad Street and adjust traffic light sequences as necessary;</p> <p>(iv) to instruct officers to engage with Muse with a view to developing detailed designs for the layout of Broad Street, on the basis of:-</p> <ul style="list-style-type: none"> (a) status quo (full vehicle access) (b) public transport and bicycle only access (c) full pedestrianisation; <p>(v) to agree that all of the above options be designed with the opportunity for Broad Street to be closed so it may be transformed into an event ready space for special events/occasions - and report back to the Council meeting on 2 March 2016 for approval. All options will be subject to public consultation;</p> <p>(vi) to agree that a structured approach to city centre public realm works is required and that full traffic modelling is required for all public realm works identified in the Masterplan before any decision of full/part pedestrianisation is taken by Council; and to instruct officers to report back with traffic modelling, timelines and options to the Council meeting on 2 March 2016; and</p>			

<u>No.</u>	<u>Minute Reference</u>	<u>Council/Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>
		(vii) to agree that all pedestrianisation options go out for full public consultation before final decisions are taken by Council.			
3.	Council 31.10.13 Article 17	<u>Community Planning Aberdeen - Development Plan</u> The Council agreed to receive six monthly updates on progress with the implementation of the Development Plan.	The Council received the last six month progress report on 16 December 2015.	Director of Communities, Housing and Infrastructure	22.06.16
4.	Finance and Resources 12.11.09 Article 22	<u>Community Planning Partnership - Fairer Aberdeen Fund</u> The Finance and Resources Committee instructed the Director of Corporate Governance to provide twice yearly updates in February and October to the Aberdeen City Alliance (now Community Planning Aberdeen) and the Corporate Policy and Performance Committee on the outcomes achieved through the investment of the Fairer Scotland Fund (now Fairer Aberdeen Fund).	The Council received the last six month progress report on 16 December 2015.	Director of Communities, Housing and Infrastructure	22.06.16
5.	Council 19.08.15 Article 17	<u>Corporate Parenting</u> The Council instructed officers to report back on the implementation and review of the policy to Council in 2016.		Director of Education and Children's Services	17.08.16

<u>No.</u>	<u>Minute Reference</u>	<u>Council/Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>
6.	Council 08.10.15 Article 15	<p><u>Director of Corporate Governance</u></p> <p>The Council approved that the Chief Executive make all necessary arrangements to engage the services of an Interim Director of Corporate Governance, and agreed that the Chief Executive report to Council during autumn 2016 on options for the recruitment to the permanent post of Director of Corporate Governance</p>		Chief Executive	06.10.16
7.	Council 24.06.15 Article 21	<p><u>Broadford Works</u></p> <p>The Council noted the content of the report and agreed that officers report back to a future meeting on any further action that may be required.</p>		Director of Communities, Housing and Infrastructure	To be confirmed
8.	Council 24.06.15 Article 13	<p><u>Local Authority Community Covenant</u></p> <p>The Council agreed to receive a report at a future meeting once the Scottish Government had reviewed the Scottish Veterans Commissioner's report <i>Transition in Scotland</i> and decided how it wishes to take its recommendations forward.</p>		Chief Executive	Upon review by the Scottish Government

<u>No.</u>	<u>Minute Reference</u>	<u>Council/Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>
9.	Council 08.10.15	<p><u>Strategic Mixed Tenure Housing for Aberdeen City - Limited Liability Partnership (LLP)</u></p> <p>The Council noted that a progress report would be brought back to Council within six months after the establishment of the LLP.</p>	<p>The Council is still required to confirm the appointment of one opposition member to be one of the Council's three representatives on the LLP Management Board.</p>	<p>Director of Communities, Housing and Infrastructure</p>	<p>Date to be advised</p>
10.	Council 06.03.13 Article 16	<p><u>Welfare Reform</u></p> <p>The Council, amongst other things, approved the steps taken by officers to develop a policy and practice response and agreed to receive further reports in due course as measures were implemented.</p>	<p>A progress report was noted by the Council on 21 August 2013. Further reports were contained within the Information Bulletin for the Council meetings on 14 May 2014 and 16 December 2015.</p> <p>The final outcome of discussions between the Scottish and UK Governments regarding the devolution of decisions around welfare reform is awaited. Once this is clear an update will be provided in the Information Bulletin.</p>	<p>Director of Communities, Housing and Infrastructure</p>	<p>As and when required</p>

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**COUNCIL
MOTIONS LIST
2 MARCH 2016**

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

Reports on motions which are overdue are shaded

<u>No.</u>	<u>Motion</u>	<u>Date of Council Meeting</u>	<u>Decision of Council</u>	<u>Action taken/Proposed Future Action</u>	<u>Responsible Officer</u>	<u>Due Date</u>
1.	<p><u>Motion by Lord Provost George Adam</u></p> <p>“That Aberdeen City Council agrees to take forward approaches from associates of the local fishing industry to create an appropriate and lasting memorial to the men and women who lived, worked and died in it, in peace time and war, and to commemorate the major contribution which fishing has made to the city’s life and heritage. Officers are instructed to report on the establishment of a small working group, the scope of a commission and confirmation of a budget with a view to obtaining additional contributions to build on external funds already secured.”</p>	17.12.14	To approve the terms of the motion.	A report was on the agenda at the Council meeting of 13 May 2015 however it was withdrawn from the agenda at the meeting.	Director of Education and Children’s Services	13 May 2015

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APPOINTMENT PANEL

ABERDEEN, 13 January 2016. - Minute of Meeting of the APPOINTMENT PANEL. Present:- Councillor Boulton, Convener; and Councillors Jackie Dunbar, Laing, Thomson, Young and Yuill.

Also in attendance:- Angela Scott, Chief Executive; Mike Galloway, Dundee City Council; Mike Lawson, Human Resources and Customer Service; Scott Black, FWB Park Brown; Lesley Strachan, Human Resources and Customer Service (part of meeting); and Emma Parr, Legal and Democratic Services (part of 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 previous meeting of 15 December 2015.

The Panel resolved:-

to approve the minute as a correct record.

JOB PROFILE

2. The Panel had before it the job profile for the post of City Centre Director.

The Panel resolved:-

to note the job profile.

POST OF CITY CENTRE DIRECTOR

3. With reference to the minute of its meeting of 15 December 2015, the Appointment Panel met to interview candidates for the post of City Centre Director.

Prior to the interviews, the Panel were advised that a candidate had withdrawn. The Panel interviewed the candidates that had been short-listed 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 City Centre Director to Marc Cole subject to satisfactory checks being undertaken, including references; and
- (ii) in the event that Marc Cole did not accept the post that it be readvertised accordingly.

- **COUNCILLOR BOULTON, Convener.**

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	2 nd March 2016
LEAD OFFICER	Chief Executive
TITLE OF REPORT	Appointments
REPORT NUMBER	OCE/16/002
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The report brings before the Council details of a number of appointments.

2. RECOMMENDATIONS

That Council agrees:

- i. the appointment of Councillor Stephen Flynn to be one of the Council's three representatives on the Management Board of the Strategic Mixed Tenure Housing for Aberdeen City LLP (name of LLP to be confirmed in due course);
- ii. the appointment of Councillor Jenny Laing as the Council's representative on the Board of ONE is as a director of the company;
- iii. the appointment of Councillor Michael Hutchison as a substitute member of the Grampian Valuation Joint Board replacing Councillor John Corall; and
- iv. the appointment of Councillor Alan Donnelly as a representative on the Sport Aberdeen Board replacing Councillor Marie Boulton.

3. FINANCIAL IMPLICATIONS

There are no financial implications for the Council arising from this report.

4. OTHER IMPLICATIONS

There are no other implications.

5. BACKGROUND/MAIN ISSUES

At its meeting of 8th October 2015, Council considered a report by the Director of Communities, Housing and Infrastructure (CHI/15/241) in relation to the procurement of a development partner for the strategic mixed tenure housing programme for Aberdeen City. The Council agreed the structure of a proposed Limited Liability Partnership (LLP) to take the programme forward and further agreed to appoint three elected members to the LLP's Management Board.

At its meeting of 16th December 2015, Council received an update that it still required to confirm the appointment of one opposition member to be one of the Council's three representatives on the LLP Management Board.

Councillor Jackie Dunbar has now confirmed that Councillor Stephen Flynn is the SNP Group's nomination for the appointment.

At its meeting of 3rd December 2015, the Finance, Policy and Resources Committee considered a report by the Director of Housing, Communities and Infrastructure (CHI/15/326) in relation to the establishment of a new Economic Leadership Board for the North East. The Committee resolved to agree the appointment of the Council Leader as the Council's representative on the Board.

The Board, Opportunity North East (ONE) has now been established as a company limited by guarantee and as such the Council is requested to confirm Councillor Laing's appointment as a director of the company.

The SNP Group has intimated a change of nomination for substitute member of the Grampian Valuation Joint Board. Councillor Michael Hutchison will replace Councillor John Corall.

Finally, Councillor Marie Boulton has intimated that she will be stepping down from the Sport Aberdeen Board and that Councillor Alan Donnelly will replace her.

The Council is requested to agree the above four appointments.

6. IMPACT

Representation on the various sub-committees, trusts, boards and outside bodies assists the Council in fulfilling its role in delivering the Single Outcome Agreement; beyond this the proposal has no specific impact on customer experience, staff experience or the Council's use of resources.

7. MANAGEMENT OF RISK

The report is concerned solely with representation on an outside body.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	2 nd March 2016
LEAD OFFICER	Chief Executive
TITLE OF REPORT	Standards Commission for Scotland, Written Decision
REPORT NUMBER	OCE/16/003
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report brings before the Council for its consideration the written decision made by the Standards Commission for Scotland following a hearing held on 12th January 2016.

2. RECOMMENDATIONS

- i. That the Council considers the content of the written decision and notes the sanction made by the Standards Commission for Scotland; and
- ii. That the Council instructs the Head of Legal and Democratic Services to issue a reminder to all members of the importance of due care and consideration when handling information that is of a confidential, exempt or data protected nature.

3. FINANCIAL IMPLICATIONS

The report has no financial implications for the Council.

4. OTHER IMPLICATIONS

In terms of section 18 of the Ethical Standards in Public Life etc. (Scotland) Act and rule 10.9 of the Standards Commission's Hearing Rules, the Standards Commission is required to afford any Council or Devolved Body which receives a copy of a written decision a period of three months (or longer as the Standards Commission may determine) to consider the content of that decision. Section 18(3) of the Act provides that this consideration cannot be undertaken solely by a Committee, Sub-Committee or Officers of the relevant Council or Public Body.

The Council is required to notify the Standards Commission by 13th April 2016 of any actions or decisions taken by the Council as a result of the written decision.

5. BACKGROUND/MAIN ISSUES

Attached to this report is a copy of the Standards Commission for Scotland's written decision following a hearing held on 12th January 2016 further to a complaint concerning alleged contraventions of the Councillors' Code of Conduct by Councillor Willie Young.

It is recommended that the Council considers the content of the written decision and notes the sanction made by the Standards Commission for Scotland.

6. IMPACT

The report is likely to be of interest to the public and media.

7. MANAGEMENT OF RISK

The report brings before the Council information relating to a process undertaken by a third-party. There would be a danger of reputational risk to the Council if it failed to consider the written decision of the Standards Commission for Scotland and to take appropriate action.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Ciaran Monaghan
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Decision of the Hearing Panel of the Standards Commission for Scotland following the Hearing held in the Town House, Aberdeen on 12 January 2016

Panel Members: Mrs Julie Ward, Chair of the Hearing Panel
Mrs Lindsey Gallanders
Mr Kevin Dunion OBE

The Hearing arose in respect of a Report by Mr Bill Thomson, the Commissioner for Ethical Standards in Public Life in Scotland (“the CESPLS”) further to complaint reference LA/AC/1720 & 1743, (“the Complaints”) concerning alleged contraventions of the Councillors’ Code of Conduct (“the Code”) by Councillor Willie Young (“the Respondent”).

The CESPLS presented his case in person. The Respondent was represented by Mr Roddy Dunlop QC.

COMPLAINT

The Respondent had made a self-referral to the CESPLS and a complaint had also been received by the CESPLS relating to the alleged conduct of the Respondent. Following an investigation, the CESPLS referred the complaints to the Standards Commission for Scotland.

The substance of the allegation was that the Respondent had contravened the Councillors’ Code of Conduct and, in particular, the provision relating to confidentiality.

Essentially the complaint alleged that the Respondent breached confidentiality by releasing legal advice to a member of the public, by email, on 4 March 2015.

The CESPLS investigated the complaint and concluded that the Respondent had breached paragraph 3.14 of the Councillors’ Code of Conduct.

The relevant provision was:

3.14 Council proceedings and printed material are generally open to the public. This should be the basis on which you normally work, but there may be times when you will be required to treat discussions, documents or other information relating to the Council in a confidential manner, in which case you must observe such requirements for confidentiality.

The CESPLS submitted a report to the Standards Commission on 16 October 2015 in accordance with section 14(2) of the Ethical Standards in Public Life etc. (Scotland) Act 2000 as amended.

Evidence Presented at the Hearing

Councillor Young gave evidence to clarify that he had not received administrative support in connection with forwarding email correspondence. No other witnesses were called by either party.

The CESPLS outlined the facts as set out in his Report, which he confirmed were not in dispute. In particular, the CESPLS explained that Councillor Young had been attempting to disseminate the legal advice in question to four fellow councillors. However, he had inadvertently sent it to a member of public instead of one of the councillors.

While the CESPLS accepted the Respondent's failure to maintain confidentiality had been inadvertent, he argued it was nevertheless careless. The Councillors' Code of Conduct did not differentiate between intentional and unintentional disclosure. The CESPLS argued that having to establish a breach was deliberate would render the duty to maintain confidentiality under the Councillors' Code of Conduct meaningless as anyone could argue a disclosure had been unintentional.

The Respondent's representative confirmed that the Respondent accepted he had breached the Councillors' Code of Conduct, as found by the CESPLS, in respect of the confidentiality provision. He fully accepted that it was his personal responsibility to maintain confidentiality in accordance with the Code and that he had failed to do so. The Respondent apologised for this failure.

The Respondent's representative stated that the failure was entirely inadvertent. He advised that the mistake had arisen as a result of the Respondent typing in an email address for a fellow councillor on Microsoft Outlook instead of using a distribution list. When the Respondent had started to type in one of the councillors' names, the autocorrect function had brought up the member of the public who had the same first name. Unfortunately, the Respondent had not noticed this and had sent the email to the member of public. The Respondent's representative indicated that the email itself had referred to the fact that the legal advice was confidential and contained a footnote to that effect. The member of the public was therefore aware that he was not legally entitled to disclose the information sent to him in error.

DECISION

The Hearing Panel considered in detail all of the submissions, including the presentations made during the Hearing by the CESPLS and on behalf of Respondent and found as follows:-

1. The Councillors' Code of Conduct applied to the Respondent.
2. The Hearing Panel accepted the admission from the Respondent's representative that the Respondent had breached the Code of Conduct.
3. The Hearing Panel found that the Respondent failed to comply with the provisions of the Code of Conduct in respect of the requirement to maintain confidentiality and that he contravened paragraph 3.14 of the Councillors' Code of Conduct.
4. The Hearing Panel heard that on 4 March 2015 Councillor Young sent an email communication containing confidential legal advice to a member of the public. Councillor Young submitted that this was done in error.

5. The Hearing Panel concluded that this had been entirely inadvertent and had not resulted in any advantage to the Respondent.
6. The Hearing Panel, however, determined that whether or not this action was accidental, Councillor Young had a responsibility to adhere to the requirements of the Code of Conduct and he should have been more diligent in ensuring he complied with its requirements.
7. The Code of Conduct outlines that while council proceedings and printed material are generally open to the public, there may be times when a Councillor will be required to treat discussions, documents or other information relating to the Council in a confidential manner.

Evidence in Mitigation

The Respondent's representative reiterated that the breach had been inadvertent. He pointed out that such mistakes were, unfortunately, part and parcel of everyday life. It was ironic that the Standards Commission itself acknowledged that correspondence it had sent to the Respondent advising him of the Hearing had erroneously referred to the wrong allegations. The incorrect references had been repeated on the Standards Commission's website, which had caused the Respondent a great deal of discomfort and distress.

In addition, the Respondent's representative asked the Hearing Panel to note:

1. The breach had been made in an email which contained content that sought to protect against any inadvertent disclosure;
2. When it had become apparent during a Council meeting on 5 March 2015 that the legal advice had reached the media and the Respondent realised this was a result of his mistake, he had immediately apologised and referred the matter to the CESPLS;
3. The Respondent had fully co-operated with the CESPLS's investigation and admitted the breach;
4. At their meeting on 5 March 2015, councillors had voted by 22 votes to 21 to keep the legal advice confidential. The Respondent had been one of the majority voters. Had he voted differently, the legal advice would have been in the public domain the next day, thus rendering the breach so trivial as to not warrant consideration; and
5. The Respondent was demonstrably of good character. He had served as a councillor since 2007 and had an unblemished record. The fact that he had apologised at the Council meeting and referred himself to the CESPLS was evidence that he was acutely aware of his obligations under the Councillors' Code of Conduct.

SANCTION

The decision of the Hearing Panel was to censure the Respondent.

The sanction was made under the terms of the Ethical Standards in Public Life etc. (Scotland) Act 2000 section 19(1)(a).

Reason for Sanction

The Respondent had breached the Councillors' Code of Conduct. In reaching their decision as to the sanction, the Hearing Panel:

1. Noted the statement made on the Respondent's behalf in mitigation.
2. Recognised the Respondent had referred himself to the CESPLS when he realised he had sent the email containing the confidential information to a member of the public instead of a fellow councillor.
3. Noted the Respondent's sincere apology and immediate admittance of his error.
4. Accepted that this had been entirely inadvertent and had not caused the Respondent any advantage. However, even an inadvertent disclosure of confidential information constitutes a breach.
5. Reminded all councillors of the importance of due care and consideration when handling information that is of a confidential nature.
6. Recognised the Respondent's significant contribution to public life.

RIGHT OF APPEAL

The attention of the Respondent was drawn to Section 22 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 as amended which details the right of appeal in respect of this decision.

Date: 14 January 2016



**Julie Ward
Chair of the Hearing Panel**

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	2 March 2016
DIRECTOR	Angela Scott, Chief Executive
TITLE OF REPORT	Relaxation of Drinking in Public Places Byelaw for BP Big Screens 2016
REPORT NUMBER:	OCE/16/008
CHECKLIST COMPLETED:	YES

1. PURPOSE OF REPORT

To seek permission to approach the Scottish Government to confirm the suspension of the operation of the Aberdeen City Council Drinking in Public Places Byelaw 2009, to permit the responsible consumption of alcohol within the boundaries of the main grass area of Duthie Park for BP Big Screens, Verdi's "Trovadore" on Thursday 14 July 2016 from 1800 – 2300hrs.

2. RECOMMENDATION(S)

- a) Members are asked to instruct the Head of Legal and Democratic Services to carry out the necessary advertising of the proposed suspension.
- b) Members instruct Legal and Democratic Services to request confirmation from the Scottish Government that the Aberdeen City Council Drinking in Public Places Byelaw 2009 be suspended within the boundaries of the Duthie Park from 1800 – 2300hrs.

3. FINANCIAL IMPLICATIONS

There are advertising costs associated with the publicising of the temporary suspension. Two notices will need to be published in the local press with a notice advising of the intention to temporarily suspend the byelaw and (assuming the Scottish Ministers confirm the temporary suspension), a second notice advising of the confirmation of the temporary suspension. The cost for this in 2015 was £578.00.

4. OTHER IMPLICATIONS

Health and Safety

Relevant health and safety audits and associated risk assessments will be carried out prior to the staging of this event. Responsible drinking is

encouraged at the event and stewards support the City Events Team in ensuring public conduct is managed throughout the event.

The most recent suspension of the byelaw was in support of the Christmas Village on Union Terrace from 26th November 2015 – 3rd January 2016. This suspension passed with no reported incidents.

Environmental

Efforts are made to recycle the waste accumulated at this event.

Economic

This event creates a positive cultural attitude in the city, assisting with the promotion of the city as a vibrant place in which to live and visit.

5. BACKGROUND/MAIN ISSUES

BP Big Screens will return to Aberdeen on Thursday 14 July 2016 with the opera “Trovadore”. The live transmission will be relayed direct to Aberdeen from the Royal Opera House, Covent Garden, London. The event is sponsored by BP, supported by Aberdeen City Council and will be displayed on a 40 x 40 foot screen complete with sound. The event is free to all and is expected to attract around 3,000 people of all ages and abilities.

This will be the 11th year this event has taken place in Aberdeen and each year, the success of the event has grown alongside its popularity. Limited catering is provided at Duthie Park and although alcohol will not be on sale, it is normal for members of the public to bring a picnic with them which may include alcohol. Event stewards, medical and welfare and a toilet service will be provided alongside passing attention from Police Scotland.

In all previous years, this event has passed with no noted incidents or accidents reported in relation to alcohol.

The BP Big Screens concept is:

1. to introduce opera in relaxed surroundings to new audiences
2. give people an opportunity to see the world’s best talent
3. to provide free world class entertainment to families who might otherwise not be able to access cultural activities

The existing Aberdeen City Council Drinking in Public Places Byelaw 2009 will require to be suspended to allow the consumption of alcohol at this event. This will involve the creation of a new byelaw which enacts a temporary suspension of the existing byelaw. The Local Authority must advertise their intention to apply for confirmation of the proposed byelaws in a local paper, and make the proposed byelaws and plans available for public inspection, for at least one month, in accordance with section 202 of the Local Government (Scotland) Act 1973 Act.

Following the completion of the consultation period, the new byelaw will then require the approval of the Scottish Government.

6. IMPACT

Improving Customer Experience – Supporting and delivering a diverse programme of city events is expected to improve the experience of customers (Aberdeen’s citizens, businesses and visitors) by:

- Raising awareness locally, nationally and internationally of the festivals and events held in Aberdeen
- Better positioning of Aberdeen as a city destination for those looking for new and unique event experiences
- Providing city infrastructure that attracts and supports external event organisers
- Maintaining and building on the profile of Aberdeen as a great place, to live, study, work, invest and visit. This will also help promote and enhance the long-term economic prosperity of the North East of Scotland by attracting more business and leisure tourism to the area.

Improving Staff Experience – Delivering a wider Summer Festival provides the staff involved with valuable experience of dealing with a wide range of internal (Elected Members, senior officers) and external (businesses, contractors, suppliers etc) customers from diverse sectors including creative, cultural and event industries.

Staff within Aberdeen City Council from the Council’s Promotions and Communication Service will work closely with colleagues from Royal Opera House and BP in the delivery of the event.

Improving our use of Resources – By working in partnership with internal and external event partners, Aberdeen City Council is able to share the workload by leading or in a supporting role where appropriate, without compromising the level of service delivered to the customer – the Aberdeen’s residents and visitors to the city.

Corporate

Aberdeen – the Smarter City

- We will promote Aberdeen as a great place to live, bring up a family, do business and visit.

Smarter Living (Quality of Life)

- We aspire to be recognised as a City of Culture, a place of excellence for culture and arts by promoting Aberdeen as a cultural centre hosting high quality diverse cultural events for the whole community and beyond.

Smarter Economy (Competitiveness)

- We will work with partners to promote the city as a place to invest, live, work and export from.

Community Plan

- Work with other organisations, agencies and groups, including Visit Scotland and Visit Aberdeen, to encourage tourism and the provision of facilities for tourists.

7. MANAGEMENT OF RISK

Appropriate control measures will be put in place. Audience members will be asked to drink in a responsible manner and event stewards from an approved Security Industry Authority (SIA) contractor will be in attendance.

8. BACKGROUND PAPERS

Letters of support have been requested from the Procurator Fiscal and Police Scotland. They have given their support in previous years.

9. REPORT AUTHOR DETAILS

Kenny Luke
City Events Officer
Email: kennyl@aberdeencity.gov.uk
Tel: 01224 522956

Crown Office and Procurator Fiscal Service

Procurator Fiscal's Office, Atholl House, 84 - 88 Guild Street,
ABERDEEN, AB11 6QA



Mr Kenny Luke
City Events
Office of the Chief Executive
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Tel No (from landline): 0844 561 3000
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Fax: 01224 578 952
Legal Post Ref: LP 84

Your ref: BP/ROH/ACC/KL/2016
Our ref:

11 February 2016

Dear Mr Luke

BP BIG SCREEN EVENTS DUTHIE PARK 14 JULY 2016 SUSPENSION OF DRINKING IN PUBLIC PLACES BYELAW

Thank you for your letter dated 18 January 2016.

I understand that the Verdi Trovatore event is to take place in Duthie Park on Thursday 14 July 2016. While the suspension of the Byelaw is a matter for the Council, in the circumstances, I confirm that I would have no objection if it were to be suspended for the purposes of the Event.

I hope this is helpful.

Yours sincerely


Andy Shanks
Procurator Fiscal, Aberdeen

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16 February 2016

Your Ref: BP/ROH/ACC/KL/2016

Our Ref: A28.0/16/02/9537

Mr Kenny Luke
City Events
Office of the Chief Executive
Communications and Promotion
Aberdeen City Council
First Floor
Town House
Broad Street
ABERDEEN
AB10 1AQ



**POLICE
SCOTLAND**

Keeping people safe

Philip Gormley QPM
Chief Constable

North East Division
Queen Street
Aberdeen
AB10 1ZA

101 or 01224 306481

Dear Kenny

**BP BIG SCREEN EVENTS DUTHIE PARK 14 JULY 2016
TEMPORARY SUSPENSION OF DRINKING IN PUBLIC PLACES BYELAW**

I refer to the above subject and to your recent communication regarding your request that consideration be given to suspending the byelaw prohibiting the consumption of alcohol in public places, for the forthcoming BP Big Screens event planned for Duthie Park, Aberdeen, on Thursday 14 July 2016.

Having considered the circumstances, I have no objection to the Byelaw being suspended between 1800 hours and 2300 hours on the aforementioned date, within the confines of the main grass area of Duthie Park, providing that the conditions of the same events between 2006 and 2015 are adhered to.

To ensure that the concert takes place without issue, as has been the case in the past few years, these conditions include:

- Active discouragement of persons bringing glass bottles and cans into the park;
- Regular collection of litter throughout the event;
- Adequate risk assessment;
- Amendments to signage within the area affected.

In addition, I am aware that in previous years an Occasional Licence has been applied for in respect of the corporate facility at the event, and I trust this will be the case again, with the same format proposed.

2.

I look forward to continuing to work with your representatives planning this and other events, and wish you every success with this particular venture.

Yours sincerely



PP-

Campbell Thomson
Chief Superintendent
Divisional Commander

ABERDEEN CITY COUNCIL

COMMITTEE: Finance, Policy and Resources
DATE: 16 February 2016
INTERIM DIRECTOR: Richard Ellis
TITLE OF REPORT: Treasury Management Policy and Strategy
REPORT NUMBER: CG/16/007
CHECKLIST COMPLETED: Yes

1. PURPOSE OF REPORT

To outline the Treasury Management Policy and Strategy for 2016/17 to 2018/19, for approval.

2. RECOMMENDATION(S)

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

a) Consider and approve the Council's Treasury Management Policy Statement for 2016/17 to 2018/19 as detailed at Appendix 1,

b) Consider and approve the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19 as detailed at Appendix 2,

c) Approves the Counterparty list as detailed at Appendix 3,

d) Note the Council's proposed Prudential Indicators for 2016/17 to 2020/21 as detailed at Appendix 4,

e) Note the progress against the actions from the recent Audit Scotland report on Borrowing and Treasury Management in Councils as detailed at Appendix 5.

3. FINANCIAL IMPLICATIONS

Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts upon costs chargeable to the Council's revenue budgets through the interest rates that are applied to

capital financing costs. Whilst the level of borrowing a Council can undertake is now devolved from the Scottish Government to individual Councils, it will still be constrained by the requirement for capital investment to be affordable, sustainable and prudent. The main test of affordability will be whether the capital financing costs can be contained within the revenue budgets.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

5.1 Introduction

The Council previously approved a Treasury Management Policy on 18 February 2015. Part of this policy is to report annually on a strategy for future financial years. A final report reviewing Treasury Management activities for the year, as well as a mid-year review, will also be presented to Committee in due course.

With effect from 1 April 2004, Councils are now required by regulation to have regard to the Prudential Code (the Code) when carrying out their duties under part 7 of the Local Government in Scotland Act 2003.

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

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

5.2 Treasury Management Policy Statement 2016/17 to 2018/19

The proposed Treasury Management Policy Statement for 2016/17 to 2018/19 is set out in detail at Appendix 1, and is subject to annual review.

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

5.3 Borrowing and Investment Strategy 2016/17 to 2018/19

There are no key changes within the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19.

Updated investment regulations were approved by the Scottish Government from April 2010. Under these regulations, Appendix 2 includes for Committee's consideration and approval, the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19. This will be subject to annual review.

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

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

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

Permitted Investment instruments identified for use in the financial years 2016/17 to 2018/19 are listed in Appendix 2.

The Annual Investment Strategy is also required to identify:-

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

5.4 Counterparty List

The Council, as part of its Treasury Policy, has an approved listing of banks and other financial institutions (the Counterparty list) with which it can undertake short-term money investments.

The Council's Counterparty list is compiled using credit rating information supplied by the major credit rating agencies to Capita Asset Services, the Council's appointed Treasury Management advisors.

The Counterparty list was last updated on 15 September 2015, and is attached at Appendix 3.

5.5 Other Developments

Prudential Code

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

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

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

The Prudential Indicators 2015/16 to 2020/21 will be considered and approved by Council at its budget meeting on 25th February 2016. The proposed Prudential Indicators, based on the assumptions made in the budget report, are presented to this committee for information at Appendix 4. It should be noted that alterations to capital investment, particularly that funded by borrowing, agreed by Council in setting its budget may affect the Prudential Indicators.

5.6 Audit Scotland Report - Borrowing and Treasury Management in Councils

This committee considered this report and the proposed actions arising from its recommendations at its meeting of 3rd December 2015. Updates on progress against the actions can be seen at Appendix 5.

5.7 National Limit on Local Authority Borrowing

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

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

6. IMPACT

Improving Customer Experience –

No direct impact arising from this report.

Improving Staff Experience –

No direct impact arising from this report

Improving our use of Resources –

The strategy of using cost-effective short-term borrowing to help reduce the Council's financing costs demonstrates a pro-active approach, which will use the Council's resources more effectively.

Corporate -

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

Public –

This report is likely to be of interest to the public as it reports on Treasury Management strategy and demonstrates the Council's stewardship of public funds.

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

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

9. REPORT AUTHOR DETAILS

Neil Stewart, Treasury Officer,
nstewart@aberdeencity.gov.uk, 01224 522696

ABERDEEN CITY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT FOR 2016/17 TO 2018/19

The proposed Treasury Management Policy for 2016/17 to 2018/19 is as follows:

1. Aberdeen City Council will adopt the CIPFA Treasury Management in Public Services Code of Practice. The Council will also have regard to the Local Government Investment (Scotland) Regulations 2010.
2. The Council defines its treasury management activities as:
The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
3. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
4. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
5. The Council's appointed Treasury Advisors are Capita Asset Services. Their expertise will continue to be used by the Council in making Treasury decisions in areas such as debt rescheduling, interest rate forecasts, market conditions, advice on new types of financial instruments and compiling the Council's Counterparty list.

ABERDEEN CITY COUNCILBORROWING STRATEGY FOR 2016/17 TO 2018/19

The proposed Treasury Management Borrowing Strategy for 2016/17 to 2018/19 is as follows:

1. Under the Prudential Code previous borrowing restrictions linked to consents no longer apply. Short-term PWLB (Public Works Loans Board) rates for periods of up to 10 years continue at relatively low levels and the strategy would be to borrow, if required, in these periods to take advantage of those rates. In addition to PWLB, there may be an opportunity to use longer-term LOBO (Lenders Option, Borrowers Option) loans, once interest rates start to rise again. Rates are monitored on an on-going basis to determine the optimum time to undertake any necessary borrowing. When decisions on new borrowing are being made, due consideration must also be given to the Council's Debt Maturity Profile.
2. Approximately 85% of the Council's borrowing is in long-term fixed rate loans, which reflects the lower interest rates available in recent years. Whilst there is no immediate intention to reschedule debts in 2016/17, if opportunities arise to do so that will result in a decrease in the Council's cost of borrowing then these will be fully examined to determine whether this represents Best Value. Due care and attention to FRS 25 and 26 will be examined prior to entering any such commitment.
3. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2016/17, 2017/18 and 2018/19 of 100% of its net outstanding principal sums.
4. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2016/17, 2017/18 and 2018/19 of 30% of its net outstanding principal sums. This means that the Head of Finance will manage fixed interest rate exposures within the range 70% to 100% and variable interest rate exposures within the range 0% to 30%.
5. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

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

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

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

INVESTMENT STRATEGY FOR 2016/17 TO 2018/19

The proposed Treasury Management Investment Strategy for 2016/17 to 2018/19 is as follows:

1. The Council's investment priorities are: -
 - (a) the security of capital and
 - (b) the liquidity of its investments.
2. The risk appetite of this Council is low in order to give priority to security of its investments. The Council will also aim to achieve the optimum return on its investments in line with proper levels of security and liquidity.
3. The Council's approved counter party list will be adhered to when making short-term investments and reviewed as necessary. This ensures that only those counter parties with the highest credit ratings are used within the maximum limits set. If it is considered necessary to make any changes to the list Committee approval will be sought.
4. Prior to the introduction of the current investment regulations, investments made by Scottish local authorities were limited to one year. This restriction was removed from 1st April 2010 and the Council accordingly wishes to make use of these powers at times when such investing is both appropriate and attractive.
5. Short-term investment rates for periods of up to 12 months continue at relatively low levels and in line with the Council's recent borrowing strategy of borrowing short-term to take advantage of lower rates, the Council does not envisage having substantial surplus funds to invest. Therefore any surplus cash which the Council does have at its disposal will be required to be kept fairly liquid for cashflow purposes, and accordingly will be invested on a short-term basis, using either Bank deposits or Money Market Funds.
6. Rates are monitored on an on-going basis to determine the optimum time to undertake any investments. When decisions on new investments are being made, due consideration must also be given to the Council's projected cashflow position.
7. With the introduction of investment regulations, the Local Authority investment market will start to develop new products. In order to protect against any possible loss of income, the power to add a new investment instrument to the list of Permitted Investments, should be delegated to the Head of Finance. Any such approval would be reported at the next committee meeting.

LIST OF PERMITTED INVESTMENTS

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

DEPOSITS - Unlimited (subject to individual Counterparty list limits)

Debt Management Agency Deposit Facility

Term deposits – local authorities (as per Counterparty list)

Call accounts – banks and building societies (as per Counterparty list)

Term deposits – banks and building societies (as per Counterparty list)

Fixed term deposits with variable rate/maturities (Structured deposits, as per Counterparty list)

COLLECTIVE INVESTMENT SCHEMES - £70m

Government Liquidity Funds

Money Market Funds (subject to individual Counterparty list limits)

Enhanced cash funds

Gilt Funds

Bond Funds

GOVERNMENT SECURITIES - £10m

Treasury Bills

UK Government Gilts

Bond issuance (from financial institution guaranteed by UK Government)

Bonds issued by multilateral development banks

CORPORATE SECURITIES - £10m

Certificates of deposit (as per Counterparty list)

PERMITTED INVESTMENTS - NON TREASURY INVESTMENTS

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

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

TREASURY RISKS AND CONTROLS

All treasury borrowing and investments are subject to the following risks: -

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

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

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

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

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

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

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

Control: This authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly

which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise borrowing costs.

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

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

**ABERDEEN CITY COUNCIL
COUNTERPARTY LIST**

Deposits up to 12 months

UK Nationalised and Part Nationalised Banks - £30m limit

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

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

UK Banks - £20m limit

HSBC Bank plc

Other Banks - £10m limit

Handelsbanken

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

Deposits up to 6 months

UK Banks - £10m limit

Barclays Bank plc

Santander UK plc (includes Cater Allen)

Standard Chartered Bank

UK Building Societies - £10m limit

Nationwide Building Society

Deposits up to 3 months

Council's Bankers - £20m limit

Clydesdale Bank plc

UK Banks - £10m limit

Close Brothers

UK Building Societies - £10m limit

Coventry Building Society

Leeds Building Society

Collective Investment Schemes - £70m total limit

Money Market Funds - £10m limit

Deutsche Managed Sterling Fund

Federated Short Term Sterling Prime Fund

Goldman Sachs Sterling Liquid Reserve Fund

Ignis Liquidity Fund

Morgan Stanley Sterling Liquidity Fund

Aberdeen Liquidity Fund - Sterling

State Street Global Advisors GBP Liquidity Fund

**ABERDEEN CITY COUNCIL
2015/16 to 2020/21**

**THE PRUDENTIAL CODE
For Capital Finance in Local Authorities**

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

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

The key objectives of the Code are to ensure:-

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

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

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

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

	Capital Expenditure						
	2014/15 £'000 Actual	2015/16 £'000 Estimate	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate	2020/21 £'000 Estimate
Non HRA	57,923	92,776	157,682	162,201	57,741	58,321	65,120
HRA	39,295	55,329	48,084	58,077	59,358	60,269	61,141

	Ratio of Financing Costs to Net Revenue Stream						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Non HRA	6.3%	6.3%	6.9%	7.2%	7.7%	8.1%	8.3%
HRA	15.7%	15.5%	16.8%	17.6%	18.5%	18.1%	17.5%

	Capital Financing Requirement						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Non HRA	486,619	497,292	516,578	570,115	587,002	584,493	582,965
HRA	228,997	254,703	272,714	299,451	325,760	350,796	374,372
Total	715,616	751,995	789,292	869,566	912,762	935,289	957,337

The Prudential Code states:

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

The Head of Finance reports that the Council can meet this requirement in 2015/16, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Operational Boundary	770,154	807,451	887,725	930,921	953,448	975,496
10% Margin	77,015	80,745	88,772	93,092	95,345	97,550
Total	847,169	888,196	976,497	1,024,013	1,048,793	1,073,046

	Operational Boundary for External Debt					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing	664,091	703,866	786,751	833,169	858,693	882,535
Other Long Term Liabilities	106,063	103,585	100,974	97,752	94,755	92,961
Total	770,154	807,451	887,725	930,921	953,448	975,496

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

(a) for Band D Council Tax

2016/17	2017/18	2018/19	2019/20	2020/21
£0	£0	£0	£0	£0

Whilst there would be an incremental impact on Council Tax, this is shown above as nil on the basis that Council Tax will not be increased.

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

2016/17	2017/18	2018/19	2019/20	2020/21
£1.01	£1.35	£0.15	£0	£0

No.	Recommendation	Comments	Proposed Actions	Progress on Actions
Council officers should:				
1.	<p>Use the treasury management strategy to present a wider strategic view of borrowing and treasury management. It should use clear and accessible language and be prepared for councillors as the key audience. It should include how the borrowing strategy is informed by corporate priorities and capital investment needs. The strategy should include:</p> <ul style="list-style-type: none"> • links to capital investment plans and corporate objectives; • all borrowing and other debt; • prudential indicators as a core part of the strategy; • a clear assessment of the affordability and the impact on revenue budgets both in the short and long term. 	<p>The Council's annual Treasury Management Policy and Strategy report currently gives an overview of the authority's strategy for the following three financial years. The report includes the Council's Treasury Management Policy Statement, Borrowing Strategy and Investment Strategy.</p>	<p>Review the Treasury Management Policy & Strategy report in conjunction with current reporting arrangements around capital and prudential indicators, taking account of this recommendation, to ensure reporting to councillors contains sufficient detail whilst remaining clear and understandable.</p>	<p>Prudential Indicators now included within the Annual Treasury Management Policy and Strategy report.</p> <p>Would look for proposed training to councillors to include this report to inform what, if any changes are required from their perspective.</p>
2.	<p>Create more detailed and longer-term borrowing and treasury management analysis as informed by the council's financial strategy. It should include:-</p> <ul style="list-style-type: none"> • scenario planning to show the potential impact of different budget scenarios, income generation plans, and changes in external factors such as interest rates; • analysis of capital financing options to compare affordability and sustainability between different debt and borrowing options; • the use of indicators over a longer period than the minimum three years set by the Prudential Code. 	<p>The Council's loan maturity profile analyses the long-term borrowing due for repayment in each year, up to 2078. This is a key document and all long-term borrowing is undertaken with reference to this, to minimise any chance of future refinancing risk.</p> <p>Scenario plans are currently prepared when any new longer-term borrowing options are proposed.</p> <p>The different borrowing scenarios are scrutinised and compared, and these findings are used to support the decisions made.</p> <p>The Council currently produces the prudential indicators for the current year and also three financial years ahead.</p>	<p>Review the current methodology for scenario planning and analysis of financing options to ensure they continue to be fit for purpose.</p> <p>Consider the calculation and reporting of prudential indicators for at least a five year period in line with the current budget setting regime.</p>	<p>Prudential indicators calculated and reported for the five year period 2016/17 to 2020/21.</p>

3.	Share strategies with other councils to help inform good practice, and exchange of ideas	Treasury matters are regularly discussed with other Scottish Councils, particularly Aberdeenshire Council, with whom we have a close working relationship. Capita, our appointed Treasury advisers work with the majority of local authorities in Scotland, and good practice and ideas are shared. We are also members of an Investment Benchmarking group, where our strategies, average rates of return etc. are compared.	Continue to participate in forums and working groups with other councils and specialist advisors.	A Finance Officers Forum was used when considering good practice across Councils on funding assumptions for calculating the Prudential Indicators for future years. Advice was also sought from Audit Scotland and CIPFA.
4.	Carry out joint planning with other councils to identify future qualification and training needs and enhance their capacity, in order to negotiate with training providers	Treasury training is currently provided to the Council in the form of workshops and seminars, which include talks by industry respected speakers. These courses are provided by Capita (part of our Treasury Advisory contract) and also by CIPFA's Scottish Treasury Management Forum.	Raise with contacts at other councils as and when the opportunity arises.	A representative will be attending CIPFA's Scottish Treasury Management Forum Workshop in February which is an ideal opportunity to network with other Council's around this type of issue.
5.	Review the content of year-end reports to ensure they provide an assessment of the effectiveness of the year's borrowing and treasury management activities and the performance of the treasury management function. This should include appropriate indicators, comparative figures, and appropriate explanations.	The year-end treasury report currently provides details of key areas from the performance of the function over the previous 12 months. These include the average Loans Pool rates for the year, all new long-term borrowing undertaken, explanations for particular courses of borrowing/investment action taken (and their financial impact) and a snapshot of the Council's investments as at 31 st March.	Review the year end report, taking account of this recommendation, to ensure sufficient and relevant information, comparisons and explanation is provided.	

Council Officers and councillors involved in treasury management should:				
6.	<p>Review governance arrangements, and update as necessary, to ensure they provide:</p> <ul style="list-style-type: none"> the treasury management strategy, mid-year and year-end reports to the same council committee, and that the full council has access to them; councillors with mid-year reports by the end of December each year; councillors with the wider picture, that is, make the links to capital investment decisions and revenue budgets; councillors with access to all reports relating to borrowing and treasury management activity including risk registers. 	<p>The current governance arrangements include the reporting of the annual Treasury Management Policy and Strategy, mid year review and year end report to the Finance, Policy and Resources Committee for initial consideration and referral to Council for approval. The report to approve the strategy for the forthcoming and following two years is considered and approved in February, the mid year report as close to December as possible (dependent on committee dates) and the year end report the following June (dependent on committee dates). The annual strategy includes a section on treasury management risks and controls in relation to borrowing and investments. Reporting on revenue and capital budgets provide information on the links between the two.</p>	<p>No action required in relation to reporting arrangements. A review of reporting on revenue and capital budgets will be undertaken to ensure the wider picture and links are clearly made.</p>	
7.	<p>Ensure scrutiny arrangements are robust by:</p> <ul style="list-style-type: none"> considering widening the range of training options to councillors on borrowing and treasury management activities and whether this training should be mandatory; considering whether training for councillors provides a balance of scrutiny skills and knowledge of treasury management. 	<p>Training was last made available to councillors in February 2013.</p>	<p>Consult with councillors on what training and support they would like to see in this area and thereafter work with our Treasury Advisors to develop and deliver training to meet their needs.</p>	<p>CIPFA and CAPITA Asset Services have developed a programme of learning and development, the outcome of which is to provide elected members with a greater understanding of borrowing and treasury management and further developed scrutiny skills. This will be further investigated to ensure its suitability and organised thereafter.</p>

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

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