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To: Councillor Young, Convener; Councillor Thomson, Vice Convener; and Councillors Allan, Cameron, Dickson, Donnelly, Jackie Dunbar, Flynn, Len Ironside CBE, Laing, Milne, Reynolds, Samarai, Jennifer Stewart, Taylor, Townson and Yuill

Town House,
ABERDEEN 7 September 2015

FINANCE, POLICY AND RESOURCES COMMITTEE

The Members of the **FINANCE, POLICY AND RESOURCES COMMITTEE** are requested to meet in Committee Room 2 - Town House on **TUESDAY, 15 SEPTEMBER 2015 at 2.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

DETERMINATION OF EXEMPT BUSINESS

- 1.1 Determination of Exempt Items of Business

REQUESTS FOR DEPUTATION

- 2.1 Requests for Deputation
None received at this stage.

MINUTES AND COMMITTEE BUSINESS STATEMENT

- 3.1 Minute of Previous Meeting of 9 June 2015 (Pages 5 - 20)
3.2 Committee Business Statement (Pages 21 - 26)

CORPORATE GOVERNANCE SERVICE ISSUES

- 4.1 Corporate Governance Performance Report and Risk Register (Pages 27 - 70)

FINANCE

- 5.1 2015/16 Financial Monitoring - Corporate Governance (Pages 71 - 78)
- 5.2 Council General Fund 2015-16 Monitoring (Pages 79 - 88)
- 5.3 2015/16 Common Good Fund - Monitoring Report (Pages 89 - 94)
- 5.4 Treasury Management Policy and Strategy (Pages 95 - 98)
- 5.5 Small Financial Assistance Grants 2015/16 (Pages 99 - 102)
- 5.6 Participatory Budget (Pages 103 - 110)

HUMAN RESOURCES

- 6.1 Sickness Absence Update (Pages 111 - 116)
- 6.2 Revision of a Retirement Related Policy and Procedure (Pages 117 - 158)
- 6.3 Agency Update (Pages 159 - 164)

GENERAL BUSINESS

- 7.1 Strategic Infrastructure Plan (Pages 165 - 172)
- 7.2 Revised Use of Locating Systems in Vehicles and Devices Policy (Pages 173 - 200)
- 7.3 Policy and Strategic Response to Fraud, Bribery and Corruption (Pages 201 - 226)
- 7.4 Funding External Bodies and Following the Public Pound - Local Code of Practice Update (Pages 227 - 266)
- 7.5 Information Management Policy Suite (Pages 267 - 270)

- 7.6 Gala Funding and Community Festive Fund (Pages 271 - 274)
- 7.7 Twinning and International Partnerships (Pages 275 - 286)
- 7.8 Condition and Suitability - Three Year Programme (Pages 287 - 300)
Please Note that there are Confidential Appendices Relating to the Item Included within the Restricted Section of this agenda.
- 7.9 Scottish Business Loans Fund (Pages 301 - 378)
- 7.10 Art Gallery Redevelopment Fundraising (Pages 379 - 382)
- 7.11 Regulation of Investigatory Powers (Scotland) Act 2000 - Corporate Protocol and Procedures and Training Plan (Pages 383 - 430)
- 7.12 Corporate Data Protection Policy and Procedures (Pages 431 - 498)
- 7.13 City Centre Masterplan - Delivery Team (Pages 499 - 504)

APPROVAL TO PROCURE

- 8.1 Exemption From Council's Standing Orders Relating to Contracts and Procurement for the Purchase and Installation of Early Learning and Childcare Furniture for New Nurseries (Pages 505 - 508)

ITEMS WHICH THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

FINANCE

- 9.1 Pension Fund Guarantee Requests (Pages 509 - 528)
- 9.2 Unrecoverable Debt (Pages 529 - 532)

REFERRALS AND GENERAL BUSINESS

- 10.1 Common Good Farms - Referral From Property Sub Committee (Pages 533 - 540)
- 10.2 Greenferns Farm - Referral from Property Sub Committee (Pages 541 - 548)

- 10.3 Transition Extreme (Pages 549 - 552)
- 10.4 Outcome of the Market Testing Exercise for the Operation and Management of the New Aberdeen Exhibition and Conference Centre (Pages 553 - 558)
- 10.5 Update on the Future of Thomas Blake Glover House (Pages 559 - 568)
- 10.6 Condition and Suitability - Three Year Programme (Appendices) (Pages 569 - 574)

APPROVAL TO PROCURE

- 11.1 Occupational Health Service Contract (Pages 575 - 584)
- 11.2 Exemption from Standing Orders in Relation to Procurement of Bulk Printing Solution (Pages 585 - 588)
- 11.3 School and Social Work Transport Procurement 2016 (Pages 589 - 598)
- 11.4 Tender Acceptance - Scotland EXCEL Framework Agreements (Pages 599 - 622)

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Should you require any further information about this agenda, please contact Mark Masson, tel. 01224 522989 or email mmasson@aberdeencity.gov.uk

FINANCE, POLICY AND RESOURCES COMMITTEE

ABERDEEN, 9 June 2015. Minute of meeting of the FINANCE, POLICY AND RESOURCES COMMITTEE. Present: Councillor Young, Convener; Councillor Thomson, Vice Convener; and Councillors Allan, Cameron, Cormie (as substitute for Councillor Jackie Dunbar), Dickson, Donnelly, Greig (as substitute for Councillor Jennifer Stewart), Ironside, Laing, Milne, Jean Morrison (MBE) (as substitute for the Convener for article 28 only) Noble, Reynolds, Taylor, Townson and Yuill.

The agenda and reports associated with this minute can be located at the following link:-

<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=146&MId=3483&Ver=4>

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

ADDITIONAL REPORT/ORDER OF AGENDA

1. The Convener advised that a confidential report relating to St Joseph's School was required to be considered by the Committee today and suggested that it be considered as the first exempt item of business on the agenda.

The Convener also proposed to take item 9.2 (Site of Broadhill Bar) last on the agenda as he would be declaring an interest with the subject matter therein and would be leaving the meeting before it's consideration.

The Committee resolved:-

to concur with the suggestions of the Convener in relation to the changes to the agenda order.

MEMBERS ARE REQUESTED TO DETERMINE THAT ANY EXEMPT BUSINESS BE CONSIDERED WITH THE PUBLIC AND PRESS EXCLUDED

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

The Committee resolved:-

In terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from item 8.1 of the agenda (article 21 of this minute) onwards so as to avoid disclosure of information of the classes described in the following paragraphs of Schedule 7(A) to the Act: article 21 (paragraph 8 and 9), article 22, 23 and 25 (paragraph 8), article 24 (paragraphs 8 and 10), article 26 (paragraphs 6 and 9), articles 27 and 28 (paragraph 9).

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MINUTE OF THE PREVIOUS MEETING OF 23 APRIL 2015

3. The Committee had before it the minute of its previous meeting of 23 April, 2015.

The Committee resolved:-

to approve the minute as a correct record.

COMMITTEE BUSINESS STATEMENT

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

The Committee resolved:-

- (i) in relation to item 1 (Station House Community Centre) to note that a report would be submitted to the Committee after the Council recess;
- (ii) in relation to item 5 (Housing Support Services Commissioning Plan), to refer this item to the Communities Housing and Infrastructure Committee Business Statement;
- (iii) in relation to item 6 (Council House New Build Proposals – Manor Walk and Smithfield Primary) to note that a report was to be considered on today's agenda and therefore to remove it subject to the decision taken;
- (iv) in relation to item 11 (International Twinning Application Grant - Criteria) to note that a report was to be considered on today's agenda and therefore to remove it subject to the decision taken; and
- (v) to otherwise note the updates contained therein.

CORPORATE GOVERNANCE PERFORMANCE REPORT – CG/15/75

5. With reference to article 9 of the minute of the previous meeting of 23 April 2015, the Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which provided an overview of key performance information and ongoing improvement work across the Corporate Governance Directorate.

The report recommended:-

that the Committee –

- (a) note the content of the performance report; and
- (b) note the intention to commence quarterly performance reporting to the Committee, two of which reports each year will include the Corporate Governance Operational Risk Register.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) that officers circulate details to members of the Committee regarding the percentage of Members' Enquiries dealt within 15 working days by Legal and Democratic Services.

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2014/15 FINANCIAL MONITORING - CORPORATE GOVERNANCE – CG/15/70

6. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which provided information on the 2014/15 revenue and capital budget's financial performance for the period to 31 March, 2015 for the services within Corporate Governance and advised on any areas of risk and management action.

The report recommended:-

that the Committee –

- (a) to note the report and the information on management action and risks that was contained therein; and
- (b) to instruct that officers continue to review budget performance and report on Service strategies.

The Committee resolved:-

to approve the recommendations.

FINANCIAL YEAR END MONITORING 2014/15 – CG/15/78

7. With reference to article 6 of the minute of the previous meeting of 19 June 2014, the Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which provided details of the financial position for the Council for the financial year 2014/2015 and the values which reflected the actual position for the year. The report also provided an overview of the year-end financial position and the provisions and reserves of the Council as at 31 March 2015.

The report recommended:-

that the Committee –

- (a) note the current final outturn for the various Council accounts for the financial year 2014/15, subject to committee approval;
- (b) approve the various transfers between Council accounts and earmarked sums for the General Fund, Housing Revenue Account and Common Good as at 31 March 2015 as detailed in paragraph 5.5.15 and 5.5.17 of the report;
- (c) approve the working balances of the General Fund, Housing Revenue Account and Common Good as detailed in paragraphs 5.5.16 and 5.5.18 of the report;
- (d) approve that in accordance with the relevant strategies to maintain revenue balances the Council's objective of retaining recommended levels of uncommitted balances has been achieved; and
- (e) note that the unaudited Annual Accounts for 2014/15 will be presented to the Audit, Risk and Scrutiny Committee, along with the Annual Governance Statement and Remuneration Report at its meeting later this month.

The Convener, seconded by the Vice-Convener moved:-

- (1) that the recommendations contained in the report be approved subject to the funding allocations noted below:-

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- Auchmill Terrace (£25,000) – for work in the park
- Cairncry Community Centre (£45,000) for work in the park
- Hallfield Road (£3,000) – for work in the park
- Mens Shed Dyce (£10,000)
- Hilton Outdoor Centre (£25,000)
- Under 12 Clubs and Youth Work (£100,000) – for work in the seven regeneration areas
- Seaton Park (£100,000)
- Sea Cadets (£10,000) – for building maintenance work
- Old Torry Community Centre Flooring (£7,000)
- Transition Extreme: (£100,000)
- Hazlehead Pets Corner Renovation and Expansion: (£100,000)
- Duthie Park, David Welch Winter Gardens Education Room (£40,000)

Total: £565,000

- (2) to instruct officers to carry out a review of the Common Good Account, including all investments and expenditure, and put in place a strategy for the future management of this fund;
- (3) to instruct officers to bring forward options to the October meeting around the development of an up-to-date Anti-Poverty Strategy and Action Plan.

Councillor Yuill, seconded by Councillor Greig moved as an amendment:-

to approve the recommendations contained within the report and to use £500,000 of the underspend on road, pavement and street lighting maintenance.

On a division, there voted:- for the motion (14) – the Convener, the Vice-Convener and Councillors Allan, Cameron, Cormie, Dickson, Donnelly, Ironside, Laing, Milne, Noble, Reynolds, Taylor and Townson; for the amendment (2) Councillors Greig and Yuill.

The Committee resolved:-

- (i) to adopt the motion;
- (ii) to instruct officers to report back to the Committee in six months' time (3rd December 2015 meeting) with a progress update on the funding allocations of the projects at (1) above; and
- (iii) to thank officers for the work in managing the budget this year.

2014/15 COMMON GOOD FUND MONITORING REPORT UPDATE – CG/15/73

8. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which provided information on the income and expenditure position of the Common Good Fund for the year to 31 March 2015 and the forecast position of the cash balances as at 31 March 2015.

The report recommended:-

that the Committee -

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- (a) note the income and expenditure position as at 31 March 2015;
- (b) note the estimated cash balances as at 31 March 2015 of £7.8M based on current estimates, which is within the recommended levels indicated by the Head of Finance;
- (c) agree to carry forward £520,000 of 2014/15 budget underspends in an earmarked reserve to allow completion of park and property maintenance and development projects in future years; and
- (d) agree that as we approach year end, the Head of Finance will review and consider the overall 2014/15 position of the Common Good Fund and take the appropriate action necessary to ensure the Fund is suitably financially prepared for future revenue and capital investment purposes.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) that details of the spend on the Common Good budget in relation to Union Terrace Gardens be circulated to members of the Committee.

TREASURY MANAGEMENT POLICY AND STRATEGY – CG/15/68

9. With reference to article 6 of the minute of the meeting of 18 February 2015, the Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which provided information on Treasury Management activities undertaken during financial year 2014/15.

The report recommended:-

that the Committee –

- (a) note the Treasury Management activities undertaken in 2014/15 as detailed; and
- (b) recommend to Council that it notes the Treasury Management activities undertaken in 2014/15.

The Sub Committee resolved:-

to approve the recommendations.

SMALL FINANCIAL ASSISTANCE GRANTS 2015-16 – CG/15/74

10. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which presented applications for financial assistance which have recently been received allowing elected members to make a decision on providing funding from the financial assistance budget.

The report recommended:-

that the Committee -

consider the applications received and agree to award grant funding based on the following recommendations:-

- Men of All Ages 15th Anniversary Rally – a maximum of £500; and

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- 3rd Aberdeen Boys Brigade, purchase of a minibus – a maximum of £1,500;

The Committee resolved:-

- (i) to approve the recommendation and
- (ii) that officers circulate details of the condition of the minibus to members of the Committee.

EMPLOYER DISCRETIONS - NEW LOCAL GOVERNMENT PENSION SCHEME – CG/15/72

11. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which outlined details relating to employer discretions in respect of the new Local Government Pension Scheme.

The report recommended:-

that the Committee -

- (a) approve the employer's policy statement shown at Appendix 'A' of the report which details the Council's declared policy on the specified discretions; and
- (b) approve the delegation of decisions in respect of the specified discretions and also in relation to the application of other non-specified discretions to the Chief Executive or nominated deputy (except where otherwise stated) on a case by case basis.

The Committee resolved:-

to approve the recommendations.

STRATEGIC INFRASTRUCTURE PLAN PROGRESS – CG/15/77

12. With reference to article 19 of the minute of the previous meeting of 23 April 2015, the Committee had before it a report by the Director of Communities, Housing and Infrastructure which outlined the progress on the delivery of the Strategic Infrastructure Plan.

The report recommended:-

that the Committee note the content of the report and the progress made.

The Committee resolved:-

to approve the recommendation.

SELF-SERVICE PAYMENT KIOSKS – CG/15/35

13. With reference to article 24 of the minute of meeting of 31 February 2013, the Committee had before it a report by the Chief Executive and Interim Director of

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Corporate Governance which advised of the intention to build on the success of the installation of two self-service payment kiosks at Marischal College by installing a further three kiosks, one each at Mastrick Customer Access Point, Kincorth Customer Access Point and Tillydrone Housing Office.

The report recommended:-

that the Committee –

- (a) to note that on 21 February 2013 the Finance & Resources Committee approved awarding Cammax Limited the contract to supply and implement two self-service payment kiosks for use within the Customer Service Centre at Marischal College for a four year period with an option to extend for a further year; and
- (b) to approve the purchase of an additional three self-service payment kiosks to be included in the existing contract with Cammax Limited.

The Committee resolved:-

to approve the recommendations.

CENTRAL ENERGY EFFICIENCY FUND – CHI/15/185

14. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which sought approval to continue with the Central Energy Efficiency Fund as recommended by Scottish Ministers and to task the Energy Management Team with managing the fund to ensure that it remains a revolving fund to deliver energy efficiency projects in Council properties.

The report recommended:-

that the Committee –

- (a) approve the continuation of the CEEF fund retaining the same payback mechanism and monitoring regime previously used; and
- (b) approve that the Energy Management Team provide an annual update to the Communities, Housing and Infrastructure Committee on the list of projects funded by CEEF and a summary of the energy and cost savings achieved as a result of the investment.

The Committee resolved:-

to approve the recommendations.

DECLARATION OF INTEREST

Councillor Reynolds declared an interest in the following item of business by virtue of his appointment by the Council as a Director of YMCA. Councillor Reynolds considered that the nature of his interest required him to leave the meeting and took no part in the deliberations thereon.

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TWINNING AND INTERNATIONAL PARTNERSHIPS – OCE/15/014

15. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which sought approval of applications of financial assistance from the International Twinning Budget 2015-16.

The report recommended:-
that the Committee –

- (a) approve the following grants from the International Twinning Budget 2015-2016:-
 - (1) Contribution of £6,490 towards an exchange project between Aberdeen YMCA and CVJM Regensburg to mark the 60th anniversary of the cities' twinning agreement, 25 July - 8 August 2015;
 - (2) Contribution of £2,500 towards the participation of a Bavarian Brass Band from Regensburg at Celebrate Aberdeen Weekend, 21-24 August 2015
 - (3) Contribution of £5,460 towards the participation of a group from Seaton Primary School at Mini-Regensburg, 9-16 August 2015;
 - (4) Contribution of £2,500 towards the participation of musicians from a twin city at a civic reception hosted by Aberdeen City Council during Offshore Europe, 8-10 September 2015; and
 - (5) Contribution of £6,780 towards a secondary school programme involving pupils from Aberdeen and Stavanger at TechFest, 12-19 September 2015;
- (b) approve the following expenditure from the operating budget:- £1,500 towards the participation of the Twinning & International Partnerships Officer at the EIPA's 'Successful Preparation and Implementation of Twinning Projects' training in Maastricht, 22-24 October 2015; and
- (c) approve that the International Twinning Grant criteria policy wording be changed.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) to agree that as part of the Priority Based Budgeting exercise, a review of our Twinning and International Partnerships be carried out as part of both the General Fund and the Common Good Fund.

EVENTS PROGRAMME 2015-16 – OCE/15/020

16. With reference to article 9 of the minute of meeting of 5 December 2013, the Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which sought approval of the events programme detailed in appendix 1 of the report and associated budget in 2015-16.

The report recommended:-
That the Committee -

- (a) note the content of this report.
- (b) approve the events programme detailed in appendix 1(of the report) for 2015 – 2016; and

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- (c) approve the budget of £510,000 to deliver the events programme for 2015 – 2016.

The Committee resolved:-

- (i) approve the recommendations; and
- (ii) that a report be submitted to the Committee in September 2015 on the details and a breakdown of costs for this year's Winter Festival

GAELIC LANGUAGE ACTION PLAN – CHI/13/002

17. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided details of the Aberdeen City Council Gaelic Language Plan.

The report recommended:-

that the Committee –

- (a) agree the content of the Council's draft Gaelic Language Plan;
- (b) agree to receive annual monitoring of the associated action plan by means of an information bulletin; and
- (c) submit the draft plan to Bòrd na Gàidhlig for approval on 12 June, 2015.

The Committee resolved:-

- (i) to instruct officers to discuss further with legal colleagues the proposed content of the Gaelic Language Action Plan to ensure that the commitments it puts in place are proportionate for the Council given the percentage of Gaelic speakers in Aberdeen;
- (ii) to instruct the Chief Executive to request from Bòrd na Gàidhlig an extension to the deadline set for the submission of the Council's draft Plan;
- (iii) to instruct officers to bring a final draft Gaelic Language Action Plan to the Council's meeting on 19 August, 2015; and
- (iv) that details of the sanctions handed out to local authorities if they fail to submit the draft plan on time be circulated to members of the Committee.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency in order that a deadline to submit a response could be adhered to.

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COMMISSION ON LOCAL TAX REFORM -

18. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which advised on the Council's response to the Commission on Local Tax Reform to its call for written evidence.

The report recommended:-

that the Committee note the submission of the officer's response to the Commission on Local Tax Reform contained in the appendix to the report.

The Convener, seconded by the Vice-Convener moved:-

to approve the recommendation contained within the report.

Councillor Yuill, seconded by Councillor Greig moved as an amendment:-

that the Committee (1) notes the submission of the officers response to the Commission on Local Tax Reform contained in the appendix to the report; (2) agrees that (a) the current system of council tax is regressive, does not relate to people's ability to pay and is therefore not a fair system of local taxation; (b) the freeze on council tax has resulted in a significant loss of local autonomy and decision-making; (c) local authorities should be responsible for raising a much greater proportion of their own incomes; (d) an individual's income is the best indicator of ability to pay; (e) the council tax should be replaced by a locally set element of national income tax which would be collected using existing government tax collection systems and then remitted to individual local authorities; and (f) the arrangement described in (e) would link tax paid more closely to ability to pay and restore significant local autonomy and accountability by allowing councils to make decisions about income generation as well as expenditure; and (3) instructs officers to include the aforementioned points in a submission to the Commission on Local Taxation.

On a division, there voted:- for the motion (14) – the Convener, the Vice-Convener and Councillors Allan, Cameron, Cormie, Dickson, Donnelly, Ironside, Laing, Milne, Noble, Reynolds, Taylor and Townson; for the amendment (2) Councillors Greig and Yuill.

The Committee resolved:-

- (i) to adopt the motion; and
- (ii) that further suggestions and ideas from officers relating to the submission be included within the Council Information Bulletin in June 2015.

DECLARATION OF INTEREST

Councillor Milne declared an interest in the following item of business by virtue of his appointment by the Council as a representative on Aberdeen Heat and Power. Councillor Milne did not consider that the nature of his interest required him to leave the meeting.

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MIDDLEFIELD DEVELOPMENT UPDATES – CHI/15/187

19. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided an update on the new build projects at Smithfield and Manor Walk, Aberdeen.

The report recommended:-
that the Committee -

- (a) note the updates and progress to date for each of the developments;
- (b) note the refined costs for Manor Walk and Smithfield Council House Developments (see appendix 1 & 2 of the report);
- (c) approve the cost associated with the infrastructure works for the delivery of Combined Heating Power to the new build sites and that Aberdeen Heat and Power Company Ltd are awarded the contract to undertake these works (see appendix 4 of the report); and
- (d) instruct officers in the future to report to the Communities, Housing and Infrastructure Committee on progress at appropriate times in the delivery of the housing projects.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) to congratulate the Scottish Government on recognising the importance of Council House building to the City of Aberdeen by contributing £8.2M to this development.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to allow the project to progress in line with the programme.

MIDDLEFIELD COMMUNITY HUB – CHI/15/199

20. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided an update on the development of Middlefield Community Hub and sought approval to invite tenders for the construction of the new Hub.

The report recommended:-
that the Committee -

- (a) note the progress to date in relation to developing a new Middlefield Community Hub;

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- (b) note the funding requirement for the refurbishment of the existing building will be met from the 2016/17 Corporate Property Condition and Suitability Capital Budget; and
- (c) authorise the Director of Communities, Housing and Infrastructure, in conjunction with the Head of Legal Services and Head of Procurement, to carry out a competitive tendering exercise in line with Council Standing Orders, Financial Regulations and EU legislation for the construction of the Middlefield Community Hub.

The Committee resolved:-

to approve the recommendations.

In accordance with the decision recorded under article 2 of this minute, the following items were considered with the press and public excluded.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency in order that negotiations can be concluded in time.

ST JOSEPH'S SCHOOL – ACQUISITION NEGOTIATIONS – ECS/15/035

21. The Committee had before it a report by the Director of Education and Children's Services which provided details of the extension to the lease of the St Joseph's School building.

The report recommended:-

that the Committee -

- (a) note that the original lease concluded on 30 March, 2015 and that the Council has entered into an extension of the lease until 31 July, 2017;
- (b) instruct officers to conclude negotiations to purchase the school buildings, the site and the two residential properties with the Society of the Sacred Heart, subject to the purchase price not exceeding the stated £12.75M;
- (c) instruct the Head of Legal and Democratic Services to conclude missives for the purchase of this property incorporating various qualifications as are necessary to protect the Council's interests; and
- (d) otherwise note the contents of the report.

The Committee resolved:-

- (i) to approve the recommendations;
- (ii) that a letter be issued to the pupil's parents in relation to the acquisition, with a draft to be circulated to members of the Committee; and

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- (iii) that an appropriate press release be issued in relation to the acquisition, with a draft to be circulated to members of the Committee.

PROCUREMENT OF PLANNING SYSTEM – CHI/15/178

22. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which sought approval to proceed with procurement of an integrated planning and document management software system

The report recommended:-

that the Committee –

- (a) approve the procurement of an integrated planning and document management system and the entering into of a contract for a five year period; and
- (b) note that financial provision for the project and contract is included within the approved Building Standards revenue budget and the Council's five year costed business plan.

The Committee resolved:-

to approve the recommendations.

EDUCATION WIRELESS WAN SUPPORT – CG/15/61

23. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which sought approval to undertake a tender process and award a contract for support and maintenance of the Education wireless Wide Area Network, together with approval of the estimated expenditure for the contract.

The report recommended:-

that the Committee –

- (a) approve the undertaking of an appropriate tender process for support and maintenance of the Education wireless Wide Area Network and, following such a process, the award of a contract for a one year period, with the option to extend for a period or periods of up to a further two years in total (so that the maximum potential contract duration is three years); and
- (b) approve the total estimated expenditure of £200,000 in respect of the said proposed contract.

The Committee resolved:-

to approve the recommendations.

UPDATE ON REPLACEMENT OF NETWORK CIRCUITS TENDER – CG/15/67

24. The Committee had before it a report by the Chief Executive and Interim Director of Corporate Governance which updated members on a viable alternative to tendering

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through Scottish Wide Area Network connect agreement to facilitate the upgrade of network connectivity across the city.

The report recommended:-

that the Committee -

- (a) note the progress made with the development of the Scottish Wide Area Network (SWAN) and its viability as an alternative source of network connectivity in place of direct tendering;
- (b) approve that officers enter into an agreement with SWAN;
- (c) halt the previously approved tendering process and approve the use of the SWAN Connectivity Services for the procurement of these connectivity services;
- (d) approve the transition of connectivity services from current contractual arrangements to SWAN as and when these arrangements terminate, if it remains economically viable to do so;
- (e) approve the total maximum expenditure for network connectivity services, based on projected changes to standard connectivity requirements over a 3 year period of £2,750,000; and
- (f) approve expenditure to commission secondary resilient network circuits through SWAN, where appropriate and subject to available budget.

The Committee resolved:-

to approve the recommendations.

MIDDLEFIELD DEVELOPMENT UPDATES - APPENDICES

25. The Committee had before it appendices relating to the report which provided an update on the new build projects at Smithfield and Manor Walk, Aberdeen (article 19 of this minute refers).

The Committee resolved:-

to note the details contained within the appendices.

TRANSFER OF SITE - LANGDYKES ROAD (REFERRAL FROM PROPERTY SUB COMMITTEE) - CHI/15/7571

26. With reference to article 6 of the minute of meeting of the Property Sub Committee of 26 May 2015, the Committee had before it a report by the Director of Communities, Housing and Infrastructure which advised that a site had now been identified as a suitable location for the proposed development of the Hydrogen Energy Station.

In terms of Standing Order 32(1) Councillor Finlayson as local ward member addressed the Committee.

FINANCE, POLICY AND RESOURCES COMMITTEE

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The report recommended:-

that the Committee –

- (a) agree that following an initial assessment the chosen site Langdykes Road (option 4) is to be progressed for the project;
- (b) note the update regarding progress with the project including the fact that a planning application for the proposed development was approved at the Planning Committee on the 28th May 2015;
- (c) note that the site extends to 0.32 ha (0.79 acres) and forms part of a larger site held by HRA and approve the transfer of the site from the Housing Revenue Account to the General Fund;
- (d) note that following discussions with HRA the site is not earmarked for future development and HRA have no objections to the transfer, HRA would prefer to dispose of the whole site, we would recommend that the whole site is declared surplus, 0.32 ha (0.79 acres) is transferred to the General Fund with the remainder being marketed and proceeds of sale being lodged with HRA;
- (e) note that following consultation with local tenants / residents at the meeting of the Housing Performance and Budget Group on 23rd February, 2015 the group confirmed their support of the proposed transfer.

The Sub Committee resolved:-

- (i) to approve the recommendations; and
- (ii) to refer the report to the Audit, Risk and Scrutiny Committee in order for that Committee to carry out a comprehensive review of the process followed to identify a site on the south side of the city to ensure compliance with legal requirements and good practice.

MIDDLEFIELD COMMUNITY HUB - APPENDIX

27. The Committee had before it an appendix relating to the report which provided an update on the development of Middlefield Community Hub (article 20 of this report refers).

The Committee resolved:-

to note the information contained within the appendix.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency.

DECLARATION OF INTEREST

The Convener declared an interest in the following item of business by virtue of him knowing the Developer involved. The Convener considered that the nature of

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his interest required him to leave the meeting and took no part in the deliberations thereon.

SITE OF BROADHILL BAR

28. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided an update on discussions with the preferred bidder in relation to their proposals for the site including conversations with interested parties.

The report recommended:-

that the Committee -

- (a) confirm the status of Carlton Rock Limited as the preferred bidder for the site to undertake a redevelopment to form a clubhouse/ Bar/ Restaurant facility; and
- (b) remit to the Head of Legal & Democratic Services to formally conclude a ground lease with Carlton Rock Limited for a period of 125 years at an initial rent of £20,000 p.a. on terms incorporating a range of terms as necessary to protect the Council's interest including development obligations.

The Committee resolved:-

to approve the recommendations subject to adding the word "golf" before the word "clubhouse" in recommendation (a) above.

- COUNCILLOR WILLIE YOUNG, Convener

FINANCE, POLICY AND RESOURCES COMMITTEE

COMMITTEE BUSINESS STATEMENT

UPDATED FOLLOWING MEETING ON 9 JUNE 2015

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

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead officer(s)/ Service(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
1.	Property Sub Committee 24/9/13 article 14	<u>Station House Community Centre</u> The Sub Committee agreed to authorise officers to negotiate a temporary License to Occupy in favour of the Station House Media Unit, in the meantime to run on a month to month basis, with a report being brought back before the Sub Committee as soon as arrangements for the future of the occupation and control of the building had been agreed.	Negotiations are on going in terms of the long term future of the property. A temporary license is in place with SHMU. Future arrangements for the disposal, either by lease or Community Asset Transfer (CAT) are still in discussion. Work on the policy of CAT is still underway. A report on the Station House Community Centre will be submitted to Committee after the recess.	Stephen Booth - Head of Asset Management and Operations		03/12/15
	Property Sub Committee 22 nd April 2014 Article 3	to transfer item 10 (Station House Community Centre), to the Finance, Policy and Resources Committee Business Statement				

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead officer(s)/ Service(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
2.	Finance, Policy and Resources 6/5/14 Article 27	<u>Review of Access to Leisure Scheme</u> The Committee resolved, amongst other things, to approve the policy recommendations as set out in the report, subject to a further report on the proposed implementation of the changes being considered by the Committee.	Work on the review is ongoing. Due to restructuring and changes in staff, we are not yet in a position to report back to Committee on the proposed implementation of the new scheme. It is planned to bring a report to Committee in December.	Euan Couperwhite (ECS)	30/09/14	03/12/15
3.	Enterprise, Strategic Planning and Infrastructure 12.11.13 (article 32)	<u>Galas and Festive Community Grants</u> The Committee agreed that officers identify an appropriate Council service to support the delivery of Galas and Festive Community Grants and report back to the Committee in this regard.	A report is included on the agenda.	Dawn Schultz – Office of Chief Executive	18/02/15	15/09/15
4.	Finance, Policy and Resources 4/12/14 Article 15	<u>Shared Services - s.95 Officer</u> It was agreed to receive a report back on the outcome of the trial no later than December, 2015		Jeff Capstick - Corporate Governance	03/12/15	
5.	Finance, Policy and Resources 18/2/15 Article 18	<u>Aberdeen Japan Strategy</u> It was agreed to instruct officers to report on progress and impact of Strategy implementation after one year (January 2016) and after the conclusion of the Strategy period (January 2017).		Elaine Robertson - Communities, Housing and Infrastructure	January 2016 & 2017	
6.	Communities, Housing and	<u>Management of Events and Commercial Lets in Aberdeen's</u>		Daniel Parrot/Takki Sulaiman – Office	March 2016	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead officer(s)/ Service(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
	Infrastructure Committee 18/3/15 Article 32	<u>Parks and Open Spaces'</u> It was agreed that all charges be reviewed and agreed at Committee on an annual basis and to request that officers provide a review of how the charges had worked over the last 12 months within that report."		of Chief Executive		
7.	Finance, Policy and Resources 23/4/15 Article 16	<u>Recruitment Arrangements</u> It was agreed to instruct the Heads of Communication and Promotion and Head of Human Resources and Organisational Development to report back to Committee on the experience of the (In-House) trial period with recommendations of how to deal with recruitment advertising going forward.		Jeff Capstick – Corporate Governance	April 2016	
8.	Finance, Policy and Resources 23/4/15 Article 5	<u>Potential Options for the Operation and Management of the New Aberdeen Exhibition and Conference Centre</u> It was agreed to report the findings of the market testing exercise with a recommendation on the most appropriate model to the Finance, Policy and Resources Committee in September 2015.	A report is included on the agenda.	Scott Ramsay – Communities, Housing and Infrastructure	15/09/15	
9.	Finance, Policy and Resources 23/4/15 Article 26	<u>Satrosphere – Bank Guarantee Renewal 2015/16</u> It was agreed that a report providing	There has been a delay as officers are still awaiting information from concluded building surveys, likely to	Alex Paterson - Education and Children's Services		03/12/15

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead officer(s)/ Service(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		detail on the outcomes of the property surveys being undertaken at 179 Constitution Street will be presented to a future meeting of the Committee.	report back at the December 2015 meeting.			
10.	Finance, Policy and Resources 9/6/15 Article 7	<u>Financial Year End Monitoring – Funding Allocations</u> It was agreed that officers would report back to the Committee in six months' time (3 rd December 2015 meeting) with a progress update on the funding allocations of the projects.		Sandra Buthlay/Steve Whyte – Corporate Governance	03/12/15	
11.	Finance, Policy and Resources 9/6/15 Article 7	<u>Anti-Poverty Strategy</u> It was agreed that officers would bring forward options to the October meeting around the development of an up-to-date Anti-Poverty Strategy and Action Plan		Donald Urquhart – Communities & Housing Infrastructure	15/09/15	
12.	Finance, Policy and Resources 9/6/15 Article 16	<u>Events Programme – Winter Festival</u> It was agreed that a report be submitted to the Committee in September 2015 on the details and a breakdown of costs for this year's Winter Festival		Dawn Schultz – Office of the Chief Executive	15/09/15	
13.	Council 24/6/15	<u>Aberdeen City Centre Masterplan and Delivery Programme</u> to agree that the Chief Executive will report to the Finance, Policy and Resources Committee on 15 September 2015 on a proposed	There is a report for the Masterplan on the agenda relating to the proposed in-house team structure.	Angela Scott – Office of Chief Executive	15/09/15	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead officer(s)/ Service(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		programme of enabling works and activities.				
14.	Local Government Employees Joint Consultative Committee 29/6/15 Article 4	<u>Agency Workers</u> It was agreed that a report in relation to agency workers be submitted to the next meeting of the Finance, Policy and Resources Committee in September 2015, and that it include the number of agency workers employed by the Council and details of any pre-employment protocols which may be in place to check whether workers have the appropriate qualification/certificate in place.	A report is included on the agenda.	Pete Leonard/Ewan Sutherland – Communities & Housing Infrastructure and Corporate Governance	15/09/15	
15.	Communities, Housing and Infrastructure Committee 27/8/15	<u>External Funding From Transportation Projects</u> to note the condition attached to the Sustrans Funding Agreement for 2015/16 – that any savings from the Council's Non-Housing Capital Programme should be reinvested into other active travel projects around the City – and refer this to the Finance, Policy and Resources Committee for information;	This decision is for information only and will be removed from the statement following the meeting.	Will Hekelaar Planning and Sustainable Development		

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COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
DIRECTOR	Angela Scott
TITLE OF REPORT	Corporate Governance Performance Report
REPORT NUMBER:	CG/15/92
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

To present the Committee with (a) an overview of key performance information and ongoing improvement work, across the Corporate Governance Directorate and (b) the Risk Register for Corporate Governance.

2. RECOMMENDATION(S)

The Committee are asked to:

- (i) Note the content of the performance report;
- (ii) Note the Corporate Governance Risk Register.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from the report although some reported measures are aligned with our priority to improve the use of resources.

4. OTHER IMPLICATIONS

There are no other implications specifically arising from this report although measures are aligned to the improvement in staff and customer experience.

5. BACKGROUND/MAIN ISSUES

The report before the Committee comprises:

- An analysis of some significant performance areas, including contextual information;
- A summary 'scorecard' report detailing performance indicators, information on direction of travel and performance against targets, where these have been set.

The report provides performance information at the Directorate level and where necessary to the level of Head of Service. The Corporate Governance Service Performance Dashboard displays a wider range of information

including trend charts and comparison between the different areas of the service, as well as underlying information to support indicators in some cases. The Dashboard will be available to be viewed at the Committee to support any required in-depth analysis.

Performance measures have been aligned to the corporate drivers:

- Improving staff experience;
- Improving customer experience;
- Improving our use of resources;
- Delivering outcomes (*in development*)

The report also has appended to it the operational Risk Register for the Corporate Governance Directorate. This Register was submitted to the Audit, Risk and Scrutiny Committee on the 25th of June, 2015. The Audit, Risk and Scrutiny Committee noted the detail in the Register. The Risk Register will be reported to the Finance, Policy and Resources Committee twice a year.

The risks contained in the appended register have been identified and assessed through analysis of the service's functions, services and dependencies. Some risks detail the potential impacts of threats which could arise in any area of the Directorate such as workforce planning, health and safety, or business continuity. Other risks reflect specific threats to the effectiveness of our business, including the delivery of certain IT functions.

The register is a dynamic document and will be subject to regular review. As risks become controlled, they will be removed from the active review regime and new or emerging risks will be added, to ensure the service continues to monitor the operational environment and identify and manage risks to our success.

6. IMPACT

Public – The report is designed for information purposes and no Equalities and Human Rights Impact Assessment has been prepared.

Services are required to carry out regular reporting of performance to committees. Corporate Governance undertakes to report performance to the Committee and into the public domain. All performance reports form a part of our public performance reporting requirement, which is subject to annual assessment by Audit Scotland and which we are working to improve through our corporate lead on performance management.

The report impacts more widely than the internal management of performance. Our performance and improvement framework supports delivery of outcomes at the council-wide level and in the Single Outcome Agreement. Our performance frameworks also impact on our requirement for good governance and assurance frameworks across the Council Group, including Arms-Length External Organisations.

Our reporting of information to the Committee therefore supports our commitment to:

- Best Value;
- Improved Public Performance Reporting.

Corporate – Risk Registers form an important component of the system of risk management, notably in the structure of the system. The system of risk management impacts on all aspects of decision making across the Council. The Local Code of Corporate Governance tasks councils with six principles. Principle 4 requires that councils maintain transparent, informed decision-making which is subject to effective scrutiny and the management of risk. The various components of the system are regularly reported to the Committee with details of current practice and planned improvements.

7. MANAGEMENT OF RISK

The report identifies areas of performance which are aligned to the delivery of priorities. This delivery is subject to the management of risk. Appended to the Performance report is the operational Risk Register for the Corporate Governance Directorate. The Committee have the opportunity to assess the effectiveness of the controls in place to mitigate the risks to the service's operations.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Martin Allan
Business Manager
mallan@aberdeencity.gov.uk
01224 523603

10. REPORT

- 10.1 Timely, accurate performance data supports informed decision-taking, focuses resources on areas for improvement and assists with our commitment to the delivery of Best Value in public service activity. We aim to benchmark as much of our service activity as possible, mainly through our participation in the Scotland-wide Local Government Benchmarking Framework (LGBF) whilst also utilising our involvement in other benchmarking clubs where appropriate.
- 10.2 The Council receives an annual assessment of the strength of our Public Performance Reporting (PPR) arrangements from the Accounts Commission. This covers not only the breadth of services and functions for which we have a statutory requirement to report, but also the style, format and accessibility of the information we provide. Increasingly, auditors are requiring that a range of channels and performance information formats are used, to ensure that information reaches audiences in ways in which it is most useful, easy to understand and best illustrative of the Council's activities.
- 10.3 Research is to be undertaken later in the year to ascertain the types of performance information the public most wish to see, as well as the style of reports and the communication channels considered the most effective.

Feedback from this research will be used to improve the nature of our PPR activities going forward.

10.4 In order to provide the Committee with an effective analysis of performance and trend analysis in each report, it is intended to move to a quarterly reporting frequency.

10.5 The attached performance scorecard uses traffic light symbols to aid the better understanding of direction of travel, where possible:



denotes an indicator which is not meeting target performance;



denotes an indicator which is at risk of falling significantly below target performance;



denotes an indicator which is meeting target performance;



denotes an indicator which is based on data collection only and no performance target is appropriate or where no performance data has arisen in the reporting period.

10.6 Targets

Where possible, services are encouraged to set meaningful performance targets as a means of contextualising performance and driving improvement. These are frequently based on benchmarking activity.

10.7 Analysis of performance of specific interest

Housing Benefit Processing

Three of the four Housing Benefit claims processing indicators show an improving trend. The improved performance is a result of redesigning processes alongside the Department for Works and Pensions Performance Team, changes to work allocation methods and the introduction of individual and team performance management.

Efforts are being made to ensure improvement continues and new targets for 2015/16 have been set as 9 days for change of circumstances, 20 days for new claims and 12 days for Right Time Indicator. These targets reflect significantly shorter timescales than the 2014/15 targets and embed the drive for continuing performance improvement in this service.

Business Rates collection rates

The collection rate for National Non-Domestic Rates (Business Rates) at July 2015 is significantly below the rate at July 2014. The rate of collection at July 2015 at 32.32% is 3.77% below the same time last year (Period 04 in 2014/15 was 36.09%).

The lower collection rate can largely be explained by the following:

1. A major account holder has not yet paid whilst they had paid by May 2014 in the previous reporting year. This account reflects around £4 million that is due.

2. There have been several new properties only recently brought on to the Valuation Roll and hence only just billed for 2015/16.
3. The economic issues currently affecting the oil sector have impacted on collection. One major payer which had settled by May in 2014, has not yet paid the rates due. They have until 30/09/15 to pay in full. This (and certain others) combine to reduce the collection rate to date. The real proof will be in October when the “pay in full” amounts are due.

Members’ Enquiries

Over the three month period, performance in responding to Members Enquiries within the 15 working day corporate standard has varied from between 100% to a low of 69.2%. Of the 4 enquiries which were not responded to within 15 working days in June, 2 were assigned to Finance and 2 were assigned to Legal and Democratic Services. The two Finance enquiries were a duplicate of each other, submitted by the constituent to two different councillors regarding the same issue therefore being classified as two late responses. The two Legal and Democratic Services enquiries were cross service enquiries, one of which remains unanswered. In July, Corporate Governance failed to respond to 2 enquiries within the corporate standard, one of which remains open and awaiting a response from the Legal team.

As part of the Members Enquiries improvement programme, and to gain a better understanding of why the corporate standard is not always being met, responding officers will be asked to provide a reason why they have not been able to provide a response within the 15 working day time frame, e.g. complexity of the enquiry/resolution, waiting for input from another service, information not available etc. This information will be recorded on Covalent and can be reported on in the future.

In addition, responding officers unable to provide a full response by the 15 working day deadline will be asked to provide an interim response, updating the Elected Member, and therefore constituent, on progress to date. The responding officer will also be required to provide a proposed response time.

Appendix 1

Corporate Governance Scorecard Report



Improving Staff Experience

Capacity

Absence

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Average number of days lost through sickness absence - Corporate Governance		6.6		6.7		6.8					
Average number of days lost through sickness absence - Customer Service & Performance		5		5.2		5.5					
Average number of days lost through sickness absence - Finance		6.6		7.1		7.3					
Average number of days lost through sickness absence - Human Resources		6.6		6.7		6.7					
Average number of days lost through sickness absence - Legal & Democratic Services		9		8.9		9.2					
Average number of days lost through sickness absence - Commercial & Procurement Services		6.2		4.9		3.3					

Establishment

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Level of Staff Turnover (Corporate Governance) - Leavers		0.53%		0.53%		0.26%					
Level of Staff Turnover (Customer Service & Performance) - Leavers		0.4%		0%		0.77%					
Level of Staff Turnover (Finance) - Leavers		0%		0.79%		0%					
Level of Staff Turnover (Human Resources) - Leavers		0.82%		0.83%		0%					
Level of Staff Turnover (Legal & Democratic Services) - Leavers		2.17%		1.14%		0%					
Level of Staff Turnover (Commercial & Procurement Services) - Leavers		0%		0%		0%					
Establishment Control: Headcount - Corporate Governance		721		729		737					
Headcount of Agency Staff (Corporate Governance)		4		2		3					
Establishment Control: Full time equivalent (FTE) - Corporate Governance		662.9		671.2		677.9					
New Starts - Corporate Governance		12		11		9					
Leavers - Corporate Governance		4		4		2					
Agency Monthly Expenditure (Corporate Governance)		7.62%		17.3%		51.74%					
Agency Monthly Expenditure - Manual (Corporate Governance)		0		0		0					
Agency Monthly Expenditure - Other Hired (Corporate Governance)		0		0		0					
Overtime Monthly Expenditure (Corporate		12.65%		19.53%		26.34%					

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Governance)											
Expenditure on Overtime (accumulative) - Corporate Governance		£30,175		£46,565		£62,815					
Expenditure on Agency (Corporate Governance)		£7,252		£16,475		£49,269					

Staff Engagement (to be developed)

Capability

Staff Performance Appraisals

Indicator	Target	2014		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status
Performance Review & Development (Total no of appraisals conducted) - Corporate Governance		551					
Performance Review & Development (Total no of appraisals conducted) - Customer Service & Performance		164					
Performance Review & Development (Total no of appraisals conducted) - Finance		188					
Performance Review & Development (Total no of appraisals conducted) - Human Resources		96					
Performance Review & Development (Total no of appraisals conducted) - Legal & Democratic Services		74					
Performance Review & Development (Total no of appraisals conducted) - Commercial & Procurement Services		27					

Indicator	Target	2014		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status
Performance Review & Development (Total no of appraisals conducted) - Business Support		2					
Performance Review & Development (Average Objective Score) - Corporate Governance	10	10.31					
Performance Review & Development (Average Objective Score) - Customer Service & Performance	10	10.08					
Performance Review & Development (Average Objective Score) - Finance	10	10.17					
Performance Review & Development (Average Objective Score) - Human Resources	10	10.42					
Performance Review & Development (Average Objective Score) - Legal & Democratic Services	10	10.94					
Performance Review & Development (Average Objective Score) - Commercial & Procurement Services	10	10.47					
Performance Review & Development (Average Core Behaviour Score) - Corporate Governance	10	10.52					
Performance Review & Development (Average Core Behaviour Score) - Customer Service & Performance	10	10.36					
Performance Review & Development (Average Core Behaviour Score) - Finance	10	10.1					
Performance Review & Development (Average Core Behaviour Score) - Human Resources	10	10.74					

Indicator	Target	2014		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status
Performance Review & Development (Average Core Behaviour Score) - Legal & Democratic Services	10	11.2					
Performance Review & Development (Average Core Behaviour Score) - Commercial & Procurement Services	10	11.65					
Performance Review & Development (No of outstanding appraisals) - Corporate Governance		220					
Performance Review & Development (No of outstanding appraisals) - Customer Service & Performance		96					
Performance Review & Development (No of outstanding appraisals) - Finance		68					
Performance Review & Development (No of outstanding appraisals) - Human Resources		24					
Performance Review & Development (No of outstanding appraisals) - Legal & Democratic Services		14					
Performance Review & Development (No of outstanding appraisals) - Commercial & Procurement Services		18					
Performance Review & Development (No of outstanding appraisals) - Business Support		0					
Performance Review & Development (No of appraisals rejected by employee) - Corporate Governance		3					
Performance Review & Development (No of appraisals rejected by employee) - Customer Service & Performance		2					

Indicator	Target	2014		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status
Performance Review & Development (No of appraisals rejected by employee) - Finance		0					
Performance Review & Development (No of appraisals rejected by employee) - Human Resources		1					
Performance Review & Development (No of appraisals rejected by employee) - Legal & Democratic Services		0					
Performance Review & Development (No of appraisals rejected by employee) - Commercial & Procurement Services		0					

Staff Health, Safety and Wellbeing

Human Resources Policies

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Number of staff invoking the grievance procedure - New (Corporate Governance)		0		0		0					
Number of staff invoking the grievance procedure - Ongoing (Corporate Governance)		0		0		0					
Number of staff invoking the grievance procedure - Completed (Corporate Governance)		0		0		0					
Number of staff through the disciplinary procedure - New (Corporate Governance)		0		0		0					
Number of staff through the disciplinary procedure - Ongoing (Corporate Governance)		2		2		1					

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Number of staff through the disciplinary procedure - Completed (Corporate Governance)		0		0		0					
No of staff whose performance is being managed - New (Corporate Governance)		0		2		0					
No of staff whose performance is being managed - Ongoing (Corporate Governance)		2		1		3					
No of staff whose performance is being managed - Completed (Corporate Governance)		0		1		0					
No of Long Term Sickness Cases - New (Corporate Governance)		4		2		2					
No of Long Term Sickness Cases - Ongoing (Corporate Governance)		5		4		4					
No of Long Term Sickness Cases - Completed (Corporate Governance)		3		5		2					
No of staff in short-term stages of Maximising Attendance - New (Corporate Governance)		0		0		1					
No of staff in short-term stages of Maximising Attendance - Ongoing (Corporate Governance)		1		1		0					
No of staff in short-term stages of Maximising Attendance - Completed (Corporate Governance)		0		0		1					
Bullying & Harassment Cases - New (Corporate Governance)		0		0		0					
Bullying & Harassment Cases - Ongoing (Corporate Governance)		0		0		0					

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Bullying & Harassment Cases - Completed (Corporate Governance)		0		0		0					

Incidents and Near Misses

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Health & Safety Employee Reportable by Directorate - Corporate Governance								0		0	
Health & Safety Employee Non Reportable by Directorate - Corporate Governance								0		3	
Health & Safety 3rd Party Reportable by Directorate - Corporate Governance								0		0	
Health & Safety 3rd Party Non Reportable by Directorate - Corporate Governance								0		0	
Health & Safety Total Near Miss by Directorate - Corporate Governance								5		4	
Health & Safety Employee Near Miss by Primary Type (Violence) - Corporate Governance								0		0	
Health & Safety Employee Near Miss by Primary Type (Vandalism) - Corporate Governance								0		0	
Health & Safety Employee Near Miss by Primary Type (Inappropriate Communication) - Corporate Governance								3		4	
Health & Safety Employee Near Miss by Primary Type (Security) - Corporate Governance								0		0	

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Health & Safety Employee Near Miss by Primary Type (Other) - Corporate Governance								2		0	
Health & Safety Injury/Incident Forms Raised (0-6 days) - Corporate Governance								0		3	
Health & Safety Injury/Incident Forms Raised (07-10 days) - Corporate Governance								0		0	
Health & Safety Injury/Incident Forms Raised (11-15 days) - Corporate Governance								0		0	
Health & Safety Injury/Incident Forms Raised (Over 15 days) - Corporate Governance								0		0	

Improving Customer Experience

Capacity

Customer Contact Centre

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Total Number of Calls taken across all queues		23,856		22,729		24,145					
Overall % of all calls in Contact Centre answered within 60 seconds	75%	70.1%		79.62%		69.07%					
Number of Council Tax Calls		7,820		6,593		7,092					
% of Council Tax Calls answered within 60 seconds	75%	47.45%		71.79%		64.9%					
Number of Housing & Council Tax Benefit Calls		2,509		2,114		2,259					
% of Housing & Council Tax Benefit Calls answered within 60 seconds	75%	52.72%		66.64%		65.59%					
Number of Scottish Welfare Fund Calls (crisis loans)		1,312		1,170		1,323					
% of Scottish Welfare Fund Calls (crisis loans) answered within 60 seconds	75%	78.94%		87.67%		76.64%					

Customer Service Centre

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Total Number of Visitors in Corporate Governance queues		3,939		6,690		4,438					
Total % of customers seen within 10 minutes in Corporate Governance queues	80%	71%		84%		86%					
Number of Visitors for Council Tax Queue		822		755		928					
% of customers for Council Tax queries seen within 10 minutes		65%		88%		89%					
Number of Visitors for Housing & Council Tax Benefits Queue		1,382		1,359		1,447					
% of customers for Housing & Council Tax Benefit queries seen within 10 minutes		78%		75%		79%					
Number of Visitors for Accord and Sports Queue		518		581		619					
% of customers for Accord and Sports queries seen within 10 minutes		75%		91%		92%					
Number of Visitors for Payments Queue		131		113		124					
% of customers for Payment queries seen within 10 minutes		88%		93%		95%					

Regional Communications Centre

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Total no of calls offered to the Regional Communications Centre		57,954		47,661		49,661					

Switchboard

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Total no of calls offered to the Switchboard		19,396		21,562		24,232					

Online Transactions

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Online transactions by type - Jobs Online		Data not yet available									
Online fault reporting - Benefit Fraud		10		3		0					
Online payments - Community Charge		0		0		0					
Online payments - Business Rates		14		6		9					
Online payments - Council Tax		9,793		7,974		8,634					
Online payments - Housing Benefit Overpayments		83		83		67					
Online payments - Primary School Meal Payments		314		305		18					
Online Service Applications & Activities - Accord Card Top Ups		1,227		1,948		56					
Online Service Applications & Activities - Council Tax Applications		710		872		1,015					

What our customers are saying

Satisfaction with complaints handling

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Complaint Customer Satisfaction - Access to the Complaints Handling Policy		66.67%		65%		70%					
Complaint Customer Satisfaction - Empathy (Understanding the customer's perspective)		66.67%		60%		40%					
Complaint Customer Satisfaction - Clarity & basis of decision		37.5%		80%		52.38%					
Complaint Customer Satisfaction - Positive treatment by staff		61.11%		75%		80.95%					
Complaint Customer Satisfaction - Timescales & providing updates		58.82%		80%		75%					

Complaints handling

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
The total number of complaints received (Corporate Governance)										34	
% Stage 1 resolved within time - Corporate Governance	100%									52%	
% Stage 2 resolved within time - Corporate Governance	100%									83.33%	
Number of complaints made with regards to customer service - Corporate Governance										9	
Number of complaints made with regards to quality of service provided - Corporate Governance										14	

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Number of complaints made with regards to employee behaviour - Corporate Governance										3	
Number of complaints made with regards to policy - Corporate Governance										5	
Number of complaints made with regards to procedure - Corporate Governance										3	
Number of complaints made with regards to Equalities - Corporate Governance										0	
% of complaints resolved within time (Corporate Governance)	100%									58.07%	
% of complaints upheld against closed (Stage 1 & 2 combined) - Corporate Governance										54.84%	
% of complaints not upheld against closed (Stage 1 & 2 combined) - Corporate Governance										29.03%	
% of complaints partially upheld against closed (Stage 1 & 2 combined) - Corporate Governance										16.13%	

Compliments

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/16		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Compliments received by Corporate Governance								10		2	

Members Enquiries

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Percentage of Members' Enquiries dealt within 15 working days - Corporate Governance	100%	100%		69.2%		77.8%					
Percentage of Members' Enquiries dealt within 15 working days - CG Commercial & Procurement Services	100%	None		None		None					
Percentage of Members' Enquiries dealt within 15 working days - CG Finance	100%	100%		78%		75%					
Percentage of Members' Enquiries dealt within 15 working days - CG Human Resources and Customer Services	100%	None		None		100%					
Percentage of Members' Enquiries dealt within 15 working days - CG IT & Transformation	100%	None		100%		None					
Percentage of Members' Enquiries dealt within 15 working days - CG Legal and Democratic Services	100%	100%		33%		75%					

IT Helpdesk Satisfaction

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Helpdesk Survey - Availability of IT services in the last month which enabled employee to do their job (Rated - Strongly Agree)				28%							
Helpdesk Survey - Availability of IT services in the last month which enabled employee to do their job (Rated - Agree)				62%							

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Helpdesk Survey - Availability of IT services in the last month which enabled employee to do their job (Rated - Disagree)				5%							
Helpdesk Survey - Availability of IT services in the last month which enabled employee to do their job (Rated - Strongly Disagree)				1%							
Helpdesk Survey - Problems resolved quickly and kept informed of progress (Rated - Strongly Agree)				28%							
Helpdesk Survey - Problems resolved quickly and kept informed of progress (Rated - Agree)				58%							
Helpdesk Survey - Problems resolved quickly and kept informed of progress (Rated - Disagree)				10%							
Helpdesk Survey - Problems resolved quickly and kept informed of progress (Rated - Strongly Disagree)				1%							
Helpdesk Survey - Found the Helpdesk easy to deal with (Rated - Strongly Agree)				35%							
Helpdesk Survey - Found the Helpdesk easy to deal with (Rated - Agree)				55%							
Helpdesk Survey - Found the Helpdesk easy to deal with (Rated - Disagree)				1%							
Helpdesk Survey - Found the Helpdesk easy to deal with (Rated - Strongly Disagree)				3%							

Satisfaction with Customer Service & Contact Centres

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Customer Satisfaction with Customer Contact Centre (Rating: Scale of 1-5 where 1 is poor, 5 is excellent)		4.27		4.15		4.02					
Customer Satisfaction with Customer Service Centre (Rating: Scale of 1-5 where 1 is poor, 5 is excellent)		4.91		4.43		4.27					

Statutory Compliance

Freedom of Information Requests

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of Freedom of Information requests replied to within timescale (Commercial & Procurement Services)	85%	100%		75%							
% of Freedom of Information requests replied to within timescale (Corporate Governance)	85%	100%		89%							
% of Freedom of Information requests replied to within timescale (Legal & Democratic Services)	85%	100%		75%							
% of Freedom of Information requests replied to within timescale (Finance - Incl Revenues and Benefits)	85%	100%		100%							
% of Freedom of Information requests replied to within timescale (Human Resources & Customer Services)	85%	100%		100%							

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of Freedom of Information requests replied to within timescale (IT & Transformation)	85%	100%		100%							

Data Breaches

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Data Breaches Reported - IT & Transformation								0		0	
Data Breaches Reported - Finance								0		2	
Data Breaches Reported - Human Resources & Customer Services								1		0	
Data Breaches Reported - Legal & Democratic Services								0		1	
Data Breaches Reported - Commercial & Procurement Services								0		0	
Data Breaches Reported - Corporate Governance								1		3	

Subject Access Requests

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of Subject Access Requests responded to within 40 calendar days - Corporate Governance										None	
Subject Access Requests - Response not Given as a % of total (Corporate Governance)										None	

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of Third Party SAR responded to within 40 calendar days - Corporate Governance										None	
Third Party SAR - Response not Given as a % of total (Corporate Governance)										None	

Environmental Information Requests

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of Environmental Information Requests replied to within timescale (Commercial & Procurement Services)	85%	100%		100%							
% of Environmental Information Requests replied to within timescale (Corporate Governance)	85%	100%		100%							
% of Environmental Information Requests replied to within timescale (Corporate Governance - More than One)	85%	None		None							
% of Environmental Information Requests replied to within timescale (Legal & Democratic Services)	85%	None		None							
% of Environmental Information Requests replied to within timescale (Finance)	85%	100%		None							
% of Environmental Information Requests replied to within timescale (Human Resources & Customer Services)	85%	None		None							
% of Environmental Information Requests replied to within timescale (IT & Transformation)	85%	None		None							

Use of Resources

Revenue

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% spend against Revenue Budget (Corporate Governance)		15.55%		23.34%		32.4%					

Capital

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% spend against Capital budget (total) - Corporate Governance		0.83%		1.03%		2.03%					

Insurance

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
No of Insurance Claims received (Employee Liability) - Corporate Governance		0		0		0					
No of Insurance Claims received (Motor Liability) - Corporate Governance		0		1		0					
No of Insurance Claims received (Public Liability) - Corporate Governance		0		0		0					
Cost of Insurance Claims received (Employee Liability) - Corporate Governance		£0		£0		£0					
Cost of Insurance Claims received (Motor Liability) - Corporate Governance		£0		£7257		£0					

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Cost of Insurance Claims received (Public Liability) - Corporate Governance		£0		£0		£0					
No of settled Insurance Claims (Employee Liability) - Corporate Governance		0		0		0					
No of settled Insurance Claims (Motor Liability) - Corporate Governance		0		0		0					
No of settled Insurance Claims (Public Liability) - Corporate Governance		0		0		0					
Cost of settled Insurance Claims (Employee Liability) - Corporate Governance		£0		£0		£0					
Cost of settled Insurance Claims (Motor Liability) - Corporate Governance		£0		£0		£0					
Cost of settled Insurance Claims (Public Liability) - Corporate Governance		£0		£0		£0					

Delivering Outcomes

IT & Transformation

IT Helpdesk

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Helpdesk calls resolved within agreed timescales	82%	81%		80%		80%					
% of ICT Helpdesk Calls responded to within timescale (Priority A - 1 day)		50%		80%		100%					
% of ICT Helpdesk Calls responded to within timescale (Priority B - 3 days)		76%		76%		78%					
% of ICT Helpdesk Calls responded to within timescale (Priority C - 10 days)		89%		87%		82%					

Finance

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Cost of overall accountancy function per £1,000 of net expenditure	£6.36	£5.88 2014/15 – annual indicator									
Correct amount of Housing Benefit paid to customer	95%	88.87%		91.11%		91.13%					
Budget Holder Meetings - Corporate Governance (Including Office of the Chief Executive)	100%							88.64%		90.24%	
Committee Reports Reviewed by Finance Partners - Finance Policy & Resources								20		13	
The percentage of Council Tax collected during the year, net of reliefs and rebates (	95% (annual target)	26.08%		34.66%		43.63%					

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
In Year Business Rates Collected	98% (annual target)	10.29%		18.84%		32.32%					
Cost of collecting Business Rates		£36.25 2014/15 – annual indicator									
Average Number of Days to Process New Benefit Claims	20	20.51		19.68		18.65					
Right Time Indicator - Average number of time taken in calendar days to process all new claims and change events in Housing Benefit/Council Tax Benefit	12	10.52		9.72		9.62					
Average Number of Days to Process Change of Circumstances	9	8.73		8.02		8.03					
% of new claims decided within 14 days of receiving all information	90%	84.28%		86.99%		88.32%					
Gross administration cost per benefit case	£42.00	£41.96 2014/15 – annual indicator									
Cost of collecting council tax per dwelling	£9.65	£9.06 2014/15 – annual indicator									

Human Resources & Customer Services

Human Resources Service Centre

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
Human Resources Service Centre (First 24 Hour Resolution)	75%	83.9%		84%		86.3%					
Cost of overall human resources function per £1,000 of net expenditure		£6.14 2014/15 – annual indicator									

Legal & Democratic Services

Committee Services

Indicator	Target	May 2015		Jun 2015		Jul 2015		Q4 2014/15		Q1 2015/16	
		Value	Status	Value	Status	Value	Status	Value	Status	Value	Status
% of decision sheets issued to officers within 2 working days	100%									90.91%	
% of decision sheets published within 4 workings days	100%									91.67%	
% of draft minutes issued within 3 weeks	100%									81.82%	

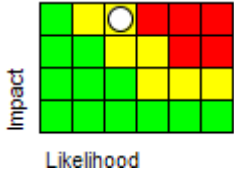
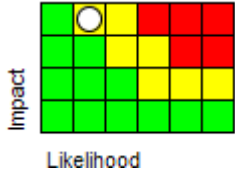
Legal Services *(to be developed)*

Commercial & Procurement Services *(to be developed)*

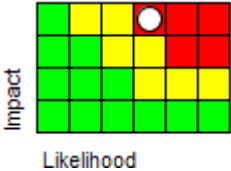
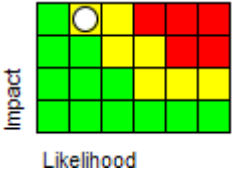
Appendix 2

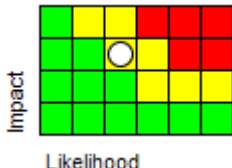
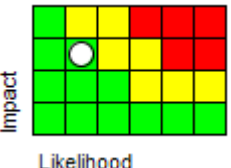
Corporate Governance Risk Register (as reported to Audit, Risk & Scrutiny Committee on 25th June 2015).

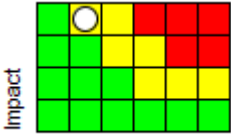
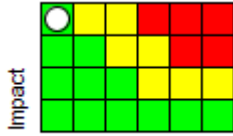
Title	Current Risk Matrix
Corporate Governance Operational Risk Profile	 Impact Likelihood

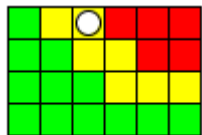
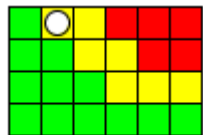
Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
The absence of a statutory duty to hold Business Continuity Plans compromises the quality and reliability of the Plans and the testing of them.		Inadequate disaster recovery planning and business continuity arrangements across the range of Corporate Governance business critical functions. Business Continuity Plans are not tested regularly or subject to timely review	The Service suffers a breakdown in key systems (IT, Financial, HR, Legal and Commercial and Procurement. Potential for serious harm / loss of life to members of the community. Inability to collect income or make required payments. Litigation. Prosecution. Reputational damage		
Description	The Council is bound by legislation and in its role as a corporate body as a public service provider. Effective disaster recovery and business continuity arrangements are essential to ensure business as usual is possible at the earliest point following a critical incident			Low	Very Low
Internal Controls	Internal audit arrangements covering business continuity planning. BCPs are now in place regarding all of the Directorate's critical functions.			Very serious	Very serious
Mitigating Actions	The Council has a Business Continuity Policy document. This also contains a template to assist Services to produce Business Continuity Plans for critical functions. Critical functions have been agreed by CMT based on one or more of the following criteria being met. Functions which have a significant impact on:				

1. Human welfare or the environment 2. The finances of the Council 3. The Council's statutory obligations 4. The Council's reputation 5. The Council's ability to respond to emergencies Rigorous testing regime to support continuing fit for purpose. Non-critical BCPs to be reported to Committee and review regime for critical BCPs to be devised.					
Assigned To	Martin Allan	Latest Note Date	September 2015	Latest Note	Risk re-assessed and updated in liaison with the Emergency Planning Officer for inclusion into revised CG Operational Risk Register 01/09/15.

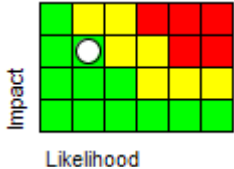
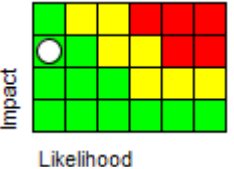
Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Absence of effectively maintained and managed Contracts Register		Absence of effectively maintained contracts register. Contract expirations not properly managed. Poor contractor relationship management. Poor contract management skills. Absence of effective health surveillance scrutiny.	Costs become prohibitive. Emergency sourcing of additional support required. Inability to support essential services. Censure by regulatory bodies. Reduced pool of tenderers.		
Description	Significant proportion of the service's resources are bound up in contractual activity. The service and Council are at risk of exposure to financial loss, legal challenge and reputational damage.			Significant	Very Low
Internal Controls	Contract Register regularly updated. Standing Orders for Contracts & Procurement in place with defined authorisation levels.			Very serious	Very serious
Mitigating Actions	Contracts Register being updated for completion 15/16. Updated Procurement Standing Orders, Guidance Documents and Templates, which will include contract management procedures. Additional training for all identified staff involved in Procurement at any level within Services. (PACE, Procurement Achieving Commercial Excellence – programme of work to introduce a hybrid Business Model for Procurement).				
Assigned To	Craig Innes	Latest Note Date	September 2015	Latest Note	Risk re-assessed for Operational Risk Register September 2015.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that financial stewardship is not robust or organisational transformation and innovation is hindered by finance capability.		Skills deficit. Workforce attrition. Inability to support transformational change. The Finance Service does not innovate or adapt to the needs of new organisational requirements. Skills sets do not meet new requirements. Organisational resistance to transformation.	The service and organisation does not meet legislative and stewardship requirements and customer needs. The ability of the service to meet its objectives is negatively impacted.		
Drivers					
Inadequate controls or systems to enable finance to meet stewardship requirements and be responsive to external change impacting the organisation.					
Description	Service failures can lead to inability to provide core services and to carry out key functions. The Council is undergoing a programme of transformational change. Finance needs to provide services adequate to support those changes.			Low	Very Low
Internal Controls	Internal audit of key financial systems.			Serious	Serious
Mitigating Actions	Reinforce performance management and resource management. Implement workforce planning requirements for core finance functions.				
Assigned To	Steve Whyte	Latest Note Date	28 May 2015	Latest Note	Residual risk added in as very low - serious per J Hashmi which means the risk has reached residual status..

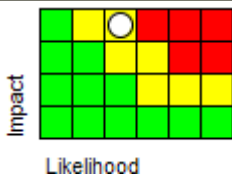
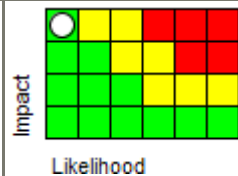
Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that essential overnight system back-up arrangements are unsuccessful		Poor internal and external ICT processes. Driver: No back up is available or tested.	Systems failure	 Likelihood	 Likelihood
Description	Serious impact on the delivery of services and core functions if failure occurs.			Very Low	Almost Impossible
Internal Controls	Robust back-up monitoring arrangements Ad-hoc test recovery of systems			Very serious	Very serious
Mitigating Actions	Full audit of backup arrangements for all systems. Annual test restore of critical systems. Test recoveries of specific Novell storage.				
Assigned To	Sandra Massey	Latest Note Date	September 2015	Latest Note	Mitigating actions reviewed with risk owner 2/9/15-no change to current risk.

Title	Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk of major business IT systems failure	Virus attack - inadequate protection in terms of firewall and other barriers to the internal systems. Systems are unsupported. Systems are no longer fit for purpose. Risk of systems failure and communication network failure due to power fluctuations. Loss of data due to inadequate backup facility or procedure. poorly trained, poorly skilled IT staff that lack sufficient knowledge. Poor IT management practices and lack of proper processes for storage and back up of data in all areas of business. Lack of facilities and keeping IT systems in poor environments.	Poor customer experience. Poor staff experience. Poor use of resources. Customers are unable to access the customer service centre. Staff may not get paid on time. The Council is unable to complete its financial duties or manage its budget. Suppliers may not get paid. The Council is unable to manage its contracts and suppliers. The Council is unable to manage its workforce.		
Drivers				
Absence of a Council wide IT strategy and supporting governance resources and expertise to manage the full life cycle of IT systems.				

Description	Corporate Governance business systems are critical to the provision of services and the performance of statutory functions.			Low	Very Low
Internal Controls	Robust and customer-led governance structures. Adoption of an enterprise approach to the whole IT eco-system. A full contracts register with a forward plan of contract expiry and renewal. Business continuity plans and disaster recovering. Customer-led business systems reviews. Adoption of best practice security controls. Training and development for all staff in IT operations.			Very serious	Very serious
Mitigating Actions	Review how Council provides IT services to ensure best practise throughout the organisation. Understanding the customer needs and reviewing these systematically. Ensure total cost of ownership. Sound contract and supplier management. Best practice change controls. Best practice life cycle management.				
Assigned To	Simon Haston	Latest Note Date	September 2015	Latest Note	Risk scoped to replace previous systems failure risk around poor security and operational arrangements.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that software licensing agreements are infringed		Driver: No resources or controls are in place to manage software. Poor or inadequate monitoring of license agreements. Single point of failure re "Software Librarian".	Financial implications Poor relationship with providers Legal challenge		
Description				Very Low	Almost Impossible
Internal Controls	Robust monitoring of licensing arrangements. Good liaison with software providers. Dedicated role of Software Librarian to ensure accurate record keeping of software licences. Review of licenses completes through Windows XP PC Replacement/upgrade project.			Serious	Serious
Mitigating Actions	Desktop Lockdown controls to block unauthorised downloading of unlicensed software. Integrate purchasing records with licencing records within Asset Register. Review of licenses being undertaken as laptops built for Smarter Working. ICT Management to review contingency for single point of failure. Procurement of the integrated service management tool.				
Assigned To	Sandra Massey	Latest Note Date	September 2015	Latest Note	Integrated Service Management tool procurement in progress. Additional license control added as

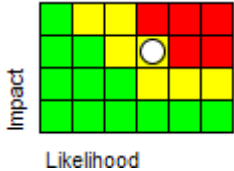
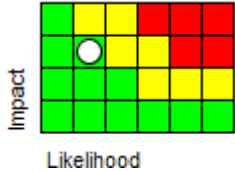
					internal control.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that transition to new data centre leads to failure of Council systems.		New provider is not available in time. Resources not available at the tight time to manage transition effectively.	Operational timescales for successor datacentre implementation are impacted negatively.		
Drivers					
Data centre facilities are not available to manage Council IT systems.					
Description	Risk refers to the transition ATOS provision to new datacentre provision following the end of the ATOS contract.			Low	Almost Impossible
Internal Controls	Council have completed a tender exercise and an award of contract is pending. On target to transition in time to exit ATOS contract.			Very serious	Very serious
Mitigating Actions	A full time resource has been appointed by both ATOS and the Council. On award of contract resources will be sought from new provider.				
Assigned To	Simon Haston	Latest Note Date	September 2015	Latest Note	Update on progress of managing risk contained in attached sheet.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that workforce planning, recruitment, retention, training and development do not support the improvement agenda		Inadequate arrangements for linking workforce planning to business need. Knowledge capture processes not in place or implemented. Recruitment processes inadequate in terms of skills match. Training approaches not matched to business need. Poor employee development opportunities.	Poor service delivery standards. Inability to retain key staff. Excessive use of agency / consultancy resources. Council not seen as employer of first choice. Insufficient Succession Planning.		
Description	Workforce planning impacts directly across the service with notable dependencies in Customer Services Operations, IT, Finance (inc Revenues and Benefits), Legal & Democratic Services, Human Resources and Commercial and Procurement.			Low	Very Low
Internal Controls	PBB Workforce Stream; Workforce Planning Strategy. Service Workforce Plans			Serious	Serious
Mitigating Actions	Effective implementation of the Workforce Plan across all parts of the Service.				
Assigned To	Ewan Sutherland	Latest Note Date	September 2015	Latest Note	Update contained under potential impact.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that Health, Safety and Wellbeing incidents including cases of ill health, are not recorded, reported, reviewed and monitored and that areas for improvement are not identified and implemented.		Incidents and work related ill health are not reported. Identified improvements resulting from lessons learned are not identified and implemented. The electronic accident / incident / absence recording and reporting system is not comprehensively used. Realistic targets are not set. Actions to prevent a reoccurrence are not implemented. Compliance is not monitored. The 'Plan, Do, Check, Act' approach based on known and potential significant risk is not adopted.	Non – compliance with HSE legislation / guidance, initiatives and corporate Health and Safety policy. Increased costs to the organisation relating to employee absence. Criminal prosecution resulting in fines or imprisonment. Reputational damage. Compensation claims Attendance levels impacting service delivery.		
Description	To improve the health, Safety and Wellbeing culture, it is important that available recording, reporting and monitoring mechanisms are enforced and that post incident activity includes lessons learnt and effective improvements.			Significant	Very Low
Internal Controls	Audit of H&S processes effectiveness - management assurance.			Serious	Serious
Mitigating	Investigation of all accidents and incidents, recording, reporting, reviewing and learning lessons.				

Actions	Review of related risk assessments. Discuss findings and identified improvements at Corporate Health and Safety Committee. Use of and further development of of electronic reporting and recording accident system to assist in analysis and ability to access days lost and related costs. H&S trends highlighted at Directorate H&S Group and at SMT. Processes and compliance monitored through audits and management assurance. Implementation of Maximising Attendance Improvement Plan for Corporate Governance including implementation of target reduction, evidenced through performance indicators. Creating a Directorate that is 'H&S risk intelligent.'				
Assigned To	Mary Agnew	Latest Note Date	29 May 2015	Latest Note	Risk re-scoped in discussion with risk owner.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk of the Council losing its representation within National Collective Bargaining arrangements through the SLGP not being able to secure an agreement with COSLA on these arrangements.		Negotiations between the SLGP and COSLA over the cost of participation in collective bargaining are not successful.	The Council experiences loss of influence in national collective bargaining, leading to exposure to potentially disadvantageous terms in national pay awards.		
Description	The Council ended its membership of COSLA on 31 March 2015. The risk reflects that that we are currently bound contractually in collective bargaining and require to ensure the new arrangements through the SLGP retain a negotiating place in national collective bargaining so that the Council's position is safeguarded as far as possible.			Significant	Very Low
Internal Controls				Serious	Serious
Mitigating Actions	Proceed through SLGP to negotiate a cost-effective solution.				
Assigned To	Ewan Sutherland	Latest Note Date	10 Jun 2015	Latest Note	Risk scoped in discussion with HR Manager.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
DIRECTOR	Angela Scott (Acting)
TITLE OF REPORT	2015-16 Financial Monitoring – Corporate Governance
REPORT NUMBER	CG/15/08
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to:
- i) Inform the Committee of the 2015/16 revenue and capital budget's financial performance for the period to 31 July 2015 and forecast outturn position for 2015/16 for the services within Corporate Governance; and
 - ii) Advise on any areas of risk and management action.

2. RECOMMENDATION(S)

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

3. FINANCIAL IMPLICATIONS

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

4. OTHER IMPLICATIONS

- 4.1 None

5. BACKGROUND/MAIN ISSUES

- 5.1 This report provides a high level summary of forecast expenditure as at the end of July 2016, shown in Appendix A.

Revenue Financial Position

- 5.2 The Service report shows net forecast outturn under spend of £1.1m across the current net budget of £28m. The following items are of note and they have been incorporated into the net outturn:-
- Staff costs are forecast to be underspent by £890k.
 - Property costs are forecast to be overspent by £82k largely as a result of Insurance costing more than budgeted.
 - Transport costs are forecast to be overspent by £135k largely as a result of Vehicle Insurance costing more than budgeted.
 - Supplies and Services are forecast to be overspent by £422k. This is largely for consultants for the PACE project within Procurement. This is partially offset by a forecast underspend within Procurement and Commercial Services £233k in staffing and 50% of the consultancy cost is rechargeable to Aberdeenshire Council, resulting in higher than budgeted income.
 - Income is forecast to be over budget by £805k with the largest areas of variance being recharges of £285k to Aberdeenshire Council for Procurement Services and £157k for recharges to other accounts such as the HRA.
 - Other Smaller variances within non-staff budgets account for the remainder of the movement from budget.
- 5.3 Included at Appendix B is a table of projects within Earmarked Reserves.

Management Actions

- 5.4 Heads of Service in conjunction with the line managers continue to monitor budgets and manage services to achieve savings, whilst maintaining and developing service delivery.
- 5.5 The Finance team in conjunction with budget holders continue to look at areas of variance to identify action to control these variances in the financial year.

Capital Financial Position

- 5.6 Included at Appendix C is a summary of the Corporate Governance capital programme projects.

Management Actions

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

6. IMPACT

- 6.1. As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

Financial ledger data extracted for the period 4 (not attached).

9. REPORT AUTHOR DETAILS

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Appendix A

	Year To Date			Forecast to Year End			
As at Period 4 2015/16	Revised Budget	Actual Expenditure	Variance Amount	Full Year Revised Budget	Forecast Actual	Variance Amount	Change from previous forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance	2,120	1,427	(693)	5,280	4,745	(535)	1
Legal & Democratic Services	462	373	(89)	1,412	1,268	(144)	(14)
HR, Organisational Development & Customer Services	2,236	2,065	(171)	6,678	6,470	(208)	193
Commercial & Procurement Services	1,119	1,114	(6)	3,395	3,413	18	69
IT & Transformation	3,229	3,244	15	9,648	9,412	(236)	35
Housing Benefits	407	729	321	1,222	1,222	0	(0)
Total	9,573	8,950	(623)	27,636	26,531	(1,105)	284

*Assumptions

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

	Year To Date			Forecast to Year End			
As at Period 4 2015/16	Revised Budget	Actual Expenditure	Variance Amount	Full Year Revised Budget	Forecast Actual	Variance Amount	Change from previous forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff	8,321	7,867	(454)	24,963	24,073	(890)	180
Property	210	236	26	599	681	82	85
Administration	900	729	(171)	2,902	2,856	(47)	(40)
Transport	165	202	37	496	631	135	148
Supplies and Services	2,187	2,266	79	6,629	7,051	422	74
Commissioning Payments	0	0	0	0	0	0	0
Transfer Payments	16,913	18,656	1,743	50,739	50,737	(2)	(0)
Gross Expenditure	28,696	29,956	1,260	86,329	86,029	(300)	447
Government Grants	(16,814)	(18,228)	(1,414)	(50,449)	(50,414)	34	(0)
Other Grant/Reimbursement/Contribution	(643)	(786)	(144)	(1,928)	(2,562)	(634)	(148)
Customer & Client Receipts	(420)	(344)	75	(1,260)	(1,287)	(28)	2
Interest	(8)	(7)	1	(24)	(24)	0	0
Recharges to Other Heads	(1,017)	(1,400)	(384)	(4,367)	(4,524)	(157)	(6)
Other Income	(222)	(239)	(18)	(665)	(686)	(21)	(11)
Total Income	(19,123)	(21,006)	(1,883)	(58,693)	(59,498)	(805)	(163)
Net Expenditure	9,573	8,950	(623)	27,636	26,531	(1,105)	284

Corporate Governance Earmarked Reserves 2015/16- to end of July 2015

As at Period 4 2015/16	Balance b/f 1 April 2015	Forecast for Year	New Amounts / (Unrequired) Amounts	Projected c/f 31 March 2016	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	
<i>Projects:</i>					
Strategic Infrastructure Plan	76	76	0	0	Salary for SIP Programme Manager.
ICT Projects	606	495	0	111	Project contributions to approved NHCP 15/16 £463K, Digital Services fixed term post £32K 15/16.
ICT Rolling Programme	777	777	0	0	Revenue contribution to Education Server Rationalisation programme –currently at PoC stage prior to determining the wider procurement.
New Microphones	165	165	0	0	Microphones for Council Chambers.
Star Awards Sponsorship	25	25	0	0	To fund Star Awards 2015.
Business Plan Service Options	637	637	0	0	3 Information Management staff , Information Records Store Officer, 4 Fixed term Analysts and Customer Service experience £25k.
Employee Benefit Scheme	113	80	(33)	0	For marketing of employee benefits scheme.
<i>Revenue Grants:</i>					
2005-06 Rederminations-Mgf3-Crm	29	29	0	0	For implementing improvements that will be delivered through the Customer Experience Programme.
2005-06 Rederminations-Mgf3-Accord	54	54	0	0	This budget will be used to develop customer services enabled by the Aberdeen City smartcard, the Accord Card. These funds will be used for any supplier costs for software development, hardware requirements and any ICT infrastructure/ networking requirements. The current projects these funds will be used for are the roll out of cashless catering in primary schools and pre-ordering of meals in Very Sheltered Accommodation Units.
2005-06-Rederminations-Mgf3-Gazete	6	6	0	0	To purchase data management software called FME and pay for the additional training and installation costs.
Total	2,488	2,344	(33)	111	

Appendix C

Capital Monitoring – Corporate Governance projects 2015-16 to end of July 2015

As at Period 4 2015/16 Corporate Governance	Figures for Total Project		
	Approved Budget	Expenditure to Date	Forecast Expenditure
	£'000	£'000	£'000
ICT Data Centre	3,000	10	3,000
Technology Investment Requirements	2,700	969	2,700
	5,700	979	5,700

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
INTERIM DIRECTOR	Angela Scott
TITLE OF REPORT	Council General Fund Monitoring 2015/16
REPORT NUMBER	CG/15/115
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides an opportunity to consider the current financial position for the Council and the forecast outturn for the financial year 2015/16, highlighting assumptions made, areas of risk identified and management action to mitigate these risks.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- i) note the financial position contained within this report.

3. FINANCIAL IMPLICATIONS

3.1 Revenue

3.1.1 The financial position as at the end of July 2015 can be seen in Appendix A.

3.1.2 The early indications are that an underspend of £1.7 million against budget is achievable.

3.1.3 Against a background of absorbing cost pressures, a tightening of the financial position of the council is to be expected and this is demonstrated by the current forecast surplus which is less than that seen in previous years.

3.1.4 In arriving at the forecast outturn, a number of assumptions have been made based on currently available data. In addition, a number of key areas have been identified as requiring further in depth analysis by the Service and Finance to understand and assess the impact of demand changes on forecast outturns.

3.1.5 Appendix B provides details of these assumptions and areas of risk.

- 3.1.6 The council has a number of earmarked reserves for specific projects. It is currently predicted that £22.8 million of these will be used during 2015/16.
- 3.1.7 Included within earmarked reserves is the Financial Risk Fund of £5.5 million, as agreed during the budget process to provide financial resilience against growing cost pressures. Whilst all mitigating actions will be taken to control expenditure and maximise income, it may be necessary to utilise this reserve to ensure the revenue budget remains in at least a balanced position.

3.2 Capital

- 3.2.1 The financial position as at the end of July 2015 can be seen in Appendix C.
- 3.2.2 As the majority of capital projects span more than one financial year, the focus when considering the position of the capital programme takes account of the whole life of projects rather than just the in year position. The exception to this is the rolling programmes which are shown separately in the appendix.
- 3.2.3 Funding comes from a number of sources, including the Scottish Government General Capital Grant, other third party grants and contributions, capital receipts, revenue contributions, usable capital reserves and borrowing. These are managed each year to ensure capital investment is funded in the most effective way, both in year and in planning for the future.
- 3.2.3 At this early stage there are no indications of any major variances in the programme.

3.3 Reserves

- 3.3.1 The recommended level of uncommitted general fund revenue reserves of £11.3 million, as approved by committee in October 2012, will continue to be maintained. This ensures the Council can deal with unexpected and unplanned expenditure should it arise.
- 3.3.2 The Council sets aside funds for specific projects and for specific purposes. These are commonly referred to as “earmarked reserves” and fall into specific categories – financial risks; specific contingent risks; unspent grant income; specific projects; and the Devolved Education Management scheme.
- 3.3.3 Earmarked reserves include the investment strategy and it is recommended that any uncommitted revenue surplus be set aside for this purpose.

4. OTHER IMPLICATIONS

- 4.1 Managing the Council's financial position in a stable and sustainable way means that its legal responsibilities can be met. It enables the Council to be confident in preparing for the future and planning ahead.

5. BACKGROUND/MAIN ISSUES

- 5.1 This is the first opportunity for the committee to consider the overall financial position, with specific reference to the General Fund, for the financial year 2015/16.
- 5.2 Specific service reports are presented to the relevant service committee's and can be referred to for further detailed information.
- 5.3 In addition, the Common Good position is presented to the committee whilst the Housing Revenue Account is considered by the Communities, Housing and Infrastructure committee.
- 5.4 The financial position, assumptions, risks and management actions are detailed in Appendices A, B and C to this report.

6. IMPACT

- 6.1. As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.
- 6.2. Each Director reports on a regular basis to their service committee, providing the opportunity to consider the financial position and impact in more detail.

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

Financial Ledger Data and Service Monitoring Reports;
Redetermination letters received from the Scottish Government;

9. REPORT AUTHOR DETAILS

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Aberdeen City Council							
General Fund Financial Reporting Summary 2015/16							
As at end of July 2015	Year to Date			Forecast to Year End			
	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Full Year Revised Budget £'000	Forecast Outturn £'000	Variance Amount £'000	Variance Percent % £'000
Accounting Period 4							
Services							
Office of Chief Executive	1,130	1,168	38	3,210	3,284	74	2.31%
Corporate Governance	9,573	8,950	(623)	27,636	26,531	(1,105)	(4.00%)
Communities, Housing & Infrastructure	28,863	28,761	(102)	81,399	81,399	0	0.00%
Education & Children's Services	76,831	73,278	(3,553)	212,647	212,246	(401)	(0.19%)
Adult Social Care	29,405	29,034	(371)	88,167	88,206	39	0.04%
Total Service Budgets	145,802	141,191	(4,611)	413,059	411,666	(1,393)	(1.84%)
Total Corporate Budgets	(449)	932	1,381	29,977	29,676	(301)	11.04%
Total Net Expenditure	145,353	142,123	(3,230)	443,036	441,342	(1,694)	9.20%
Funding:							
<u>Government Support:-</u>							
Revenue Support Grant & Non Domestic Rates	(113,071)	(228,087)	(115,016)	(339,213)	(339,213)	0	0.00%
<u>Local Taxation:-</u>							
Council Tax & Community Charge Arrears	(34,608)	0	34,608	(103,823)	(103,827)	(4)	0.00%
Total Funding	(147,679)	(228,087)	(80,408)	(443,036)	(443,040)	(4)	0.00%
Net Impact on General Fund (Surplus)/Deficit	(2,326)	(85,964)	(83,638)	0	(1,698)	(1,698)	9.21%
Transfer from GF Earmarked Reserves (Used)	7,590	788	(6,802)	22,776	22,776	0	0.00%
Transfer to GF Earmarked Reserves (Added)	0	0	0	0	(1,698)	(1,698)	0.00%
Transfer (to)/from GF Uncommitted Reserves	0	0	0	0	0	0	0.00%
Net Impact on General Fund	5,264	(85,176)	(90,440)	22,776	21,078	(1,698)	9.21%

ASSUMPTIONS & RISKS			
Service	Budget Description	Details	Mitigation/Action Required
Corporate Governance	Housing Benefits	This is a demand led service which is largely funded by the DWP and Scottish Government (SG). The main area of risk for this budget is Discretionary Housing Payments (DHP) which is experiencing a high level of demand but with only some elements of the scheme likely to be fully funded by DWP/SG monies. At this stage it has been assumed that spend will be fully offset by income received. There is a risk this may not be the case.	Actively manage the award of those elements of the scheme for which external funding is unlikely to be received. Contact SG to make the case for additional DHP funding. Make use of the £2m sum earmarked for Welfare Reform
Communities, Housing & Infrastructure (CH&I)	Housing Support/Access	It has been assumed that an overall underspend will be seen in this area as a result of additional income from private sector leasing and lower spend on staffing and the purchase of furniture.	Continue to monitor progress against budget to ensure the assumed level of underspend is achievable.
	Fleet	In order to make required improvements, the service is currently employing a number of agency staff/consultants. In addition, previous savings built into the budget are unlikely to be achieved. Therefore, an overspend position is predicted which has the potential to increase further. Whilst investment in new fleet will start to bring costs down the full impact of this will take some time to flow through.	Actively manage staffing levels to ensure there is a balance between what is affordable and what is necessary to improve the service as required by the Traffic Commissioner.
	Waste	A number of identified cost pressures were absorbed into the 2015/16 budget. At this stage it has been assumed that the service will come in on budget overall largely on the basis that a budgeted CFCR contribution will not be made. However, there is a risk that cost pressures will materialise which cannot be offset by underspends in other areas of the service.	Further detailed work is ongoing to assess the impact of absorbing cost pressures to provide greater clarity on which areas of the waste budget can be controlled such to reduce the risk of overspend whilst also understanding the impact this may have on the provision of the service.

	Roads Operational	In previous years this service has experienced considerable underspends largely due to reduced staff costs and additional late funding from NESTRANS for specific projects to utilise their available funding. Underspends in staffing has been assumed in 2015/16 although recruitment is ongoing. Additional funding from NESTRANS has not been assumed as they are currently moving away from annualised budgets and will have more scope to carry forward funding.	Continue to monitor progress against budget to ensure the assumed level of underspend is achievable.
	Economic Development	At these still early stages of the Hydrogen Bus project it has been assumed that the project will be on budget. However, there is a risk that spend will not match income. The council has a Euro bank account which is used to receive funding and make payments in Euro's for EU projects falling within the remit of Economic Development. For accounting purposes the account must be restated to sterling each year. As with any foreign currency transaction there will be gains and losses which will result in a charge or credit to the service which is not budgeted for.	Further work is required on a review of recoverable costs which will be reported on in future months. The balance on the account should be kept to a minimum to reduce the level of gains and losses. Thus, payments where possible for EU projects should be made from this account.
	Planning Income	It is assumed that planning income will achieve the increased 2015/16 budgeted level. Income for larger projects is still being received although it is unclear how sustainable this is in the current economic climate. Whilst there is a risk that income levels may not be achieved it is equally likely that income above that budgeted could materialise.	Continue to monitor economic activity across the city and the impact this could have on the achievement of planning income.

	Bus Lane Enforcement	Income and associated spend has not been included in the forecast actual on the basis that the surplus is required by statute to be earmarked for the Local Transport Strategy.	None required directly although there is a need to monitor the performance of the service.
Education & Children's Services	DEM	The scheme enables establishments to utilise current year underspends in future years with these amounts being earmarked. It has been assumed these budgets will be required in full on the basis that any underspend on devolved budgets will result in a change to the level of earmarked sums.	None required directly although there is a need to monitor budgets to ensure overspends do not occur and that underspends earmarked are kept within the limits of the scheme.
	Out of Authority Placements	The level of commitments on the Out Of Authority Placements budget will vary depending upon a number of factors, including judgements by the Children's Panels or the Additional Support Needs Tribunal. This estimate is likely to fluctuate during the year. Forecasts include assumptions on the period of placements with an overspend predicted based on current commitments. There is a risk this may worsen due to increasing care packages costs when new or alternative placements are arranged and/or additional packages are put in place.	Continued monitoring of such placements is essential to control costs going forward. This should include close working with the Children's Panel and Additional Support Needs Tribunal to ensure all options are explored prior to the use of this form of placement.
	Energy	An underspend against budget has been assumed based on similar weather conditions to last year being experienced in the second half of the year, whilst also taking account of known contractual uplifts. There is a risk that a more severe winter than last year could increase heating costs and eradicate this predicted underspend.	Whilst nothing can be done about weather conditions, usage and the associated costs must be closely monitored ensure data used and any financial implications are taken account of.

Adult Social Care	Commissioned Services	This needs led budget presents a significant risk to the council with major fluctuations in commitment levels being experienced due to demand pressures and data recording issues. With a 1% increase in adults care packages costing approximately £740k, the pressure on this budget could easily increase.	Whilst it is difficult to predict future demands with certainty, it is imperative that close monitoring of this budget is undertaken to control costs wherever possible. A working group is in place to look at improving data recording which will in turn enhance forecasting in this area.
	Client Contributions	This income budget is dependant on the financial assessment of clients and is therefore subject to variations arising from the differing financial means of clients. This presents risks in achieving the budgeted level of income.	The council cannot predict or influence the ability of clients to fund their care packages. However, it is essential that robust processes are in place to ensure timely financial assessments and billing of clients to maximise income.
Corporate / CH&I	Trading Surpluses	It is currently assumed that the trading services will achieve their budgeted surplus. However, there is a significant risk of a shortfall in that achievable by Building Services. In addition, there is a risk that the current downturn in the oil industry may affect the Property Letting market whilst Car Parking is showing signs of falling income.	Building Services – detailed work must be undertaken on a regular basis to ensure there is full understanding of job costing and the associated billing position. Property Letting and Car Parking – continued awareness and review of the position is required.
Corporate	Contingency	A number of specific contingency sums are held e.g. to fund the pay award as well as credit amounts for savings not allocated specifically to services. For these credit amounts – procurement and vacancy management – it has been assumed that the savings are included in the forecast actuals of services and thus will not be allocated against the contingency. Furthermore, it has been assumed at this stage that the general contingency amount will not require to be utilised. There is a risk that presently unknown costs may exceed the level of contingency remaining.	Work is required to verify that vacancy management savings within services are in line with those identified within services. In addition, there should be an alignment of procurement savings identified against service budgets. This has historically proved to be challenging. Continual review of the financial position and any calls on contingency must be undertaken.

APPENDIX C

As at Period 4 2015/16	Figures for Total Project				
Non Housing Capital - Projects	Approved Budget	Expenditure to Date	Forecast Expenditure		
	£'000	£'000	£'000	Pr	Cu
Communities Housing & Infrastructure	229,423	62,067	229,423	G	G
Corporate Governance	5,700	979	5,700	G	G
Education & Children's Services	132,788	14,204	132,788	G	G
Integration Joint Board	4,400	310	4,400	G	G
Construction Inflation (Unassigned)	2,500	0	0	G	G
	374,811	77,560	372,311	G	G
As at Period 4 2015/16	Figures for Total Project				
Non Housing Capital - Rolling Programmes	Approved Budget	Expenditure to Date	Forecast Expenditure		
	£'000	£'000	£'000	Pr	Cu
Communities Housing & Infrastructure - Rolling Programmes	20,981	4,273	20,981	G	G
	20,981	4,273	20,981		

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
DIRECTOR	Angela Scott
TITLE OF REPORT	2015/16 Common Good Fund – Monitoring Report Update
REPORT NUMBER	CG/15/110
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to:
- a) Inform the Committee of the income and expenditure position of the Common Good Fund for the period to 31 July 2015.
 - b) Provide a forecast position of the cash balances as at 31 March 2016.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) Notes the income and expenditure position as at 31 July 2015;
 - b) Notes the estimated cash balances as at 31 March 2016 of £14.6m based on current estimates, which is within the recommended levels indicated by the Head of Finance;
 - c) Notes the position regarding earmarked reserves.

3. FINANCIAL IMPLICATIONS

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

4. OTHER IMPLICATIONS

- 4.1 None.

5. BACKGROUND/MAIN ISSUES

Income and Expenditure – Outturn

- 5.1 The outturn figures for the year to 31 March 2016 show a deficit position of £384k which is a favourable variance of £20k. This small savings reflects anticipated savings in staff costs due to turnover in posts funded by the Common Good Budget A table summarising income and expenditure is given in Appendix A to this report.

Cash Balances

- 5.2 The cash balance as at 31 March 2016 is forecast to be £14.6m which includes earmarked reserves. A number of park and property maintenance & development projects were not completed within 2014/15 and £518k of earmarked reserves is included in this figure. Appendix B summarises the earmarked reserves position
- 5.3 The Council agreed at the budget setting meeting on 5th February 2015 that the minimum cash balance should be the equivalent of two years worth of expenditure. This equates to £6.1m. Added to this figure is the proceeds of sale of properties which are invested to provide future income for the fund resulting in a total minimum cash balance of £13.6m.
- 5.4 As trustee of the Common Good Fund, the Council has a duty to ensure that cash balances are maintained at levels to generate sufficient annual income to fund any future expenditure from the Common Good deemed appropriate.

6. IMPACT

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

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

Catriona Gilmour - Accountant



(34)6377

Email cgilmour@aberdeencity.gov.uk

Appendix A – Common Good Fund Income and Expenditure

	Year To Date			Forecast to Year End			
As at Period 4 2015/16	Revised Budget	Actual Expenditure	Variance Amount	Full Year Revised Budget	Forecast Actual	Variance Amount	Change from previous forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Recurring Expenditure	388	388	0	3,036	3,017	(19)	(19)
Recurring Income	(962)	(964)	(1)	(3,053)	(3,054)	(1)	(1)
Budget After Recurring Items	(574)	(576)	(1)	(17)	(38)	(20)	(20)
Non Recurring Expenditure	20	20	0	422	422	0	0
Non Recurring Income	0	0	0	0	0	0	0
Total	(554)	(556)	(1)	404	384	(20)	(20)
Cash Balances as at 1 April 2015 (unaudited)				(15,041)	(15,041)		
Estimated Cash Balances as at 31 March 2016				(14,637)	(14,657)		
Minimum cash balance requirement				(13,643)	(13,643)		

Appendix B – Common Good Fund Earmarked Reserves

As at Period 4 2015/16	Balance b/f 1 April 2015	Forecast for Year	New Amounts / (Unrequired) Amounts	Projected c/f 31 March 2016	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	
<i>Projects:</i>					
Steading at Kepplehills & Kirkhill Farm	55	55		0	Steading is in process of being built
Fernhill Farm Replacement Farm Shed	40	40		0	Funds to allow replacement farm shed to be built.
Consultancy Costs	71	71		0	To meet costs relating to work done by consultants re rent reviews, and property management
Auchmill Golf Course	197	197		0	Ongoing works at Auchmill Golf course
Property Repairs & Maintenance	66	66		0	To cover electrical and asbestos work on farm properties to meet standards. Contract awarded and work in progress.
Union Terrace Gardens Repairs	50	50		0	Expenditure is committed and part of a larger project to be completed late summer 2015
March Stone Upkeep	5	5		0	Work needs to be completed in Summer
Torry Battery Park	3	3		0	In discussion with Torry community council regarding this. To be completed Summer 2015
Cromwell Wall, Marischal Court Repairs	3	3		0	Project is covering two financial years. Work was half completed in 14/15 so remaining funds rolled over to allow it to continue.
Twinning Grants	28	28		0	FP&R committee decision (18.02.15) to use funds to pay grants in 15-16
Total	518	518	0	0	

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
INTERIM DIRECTOR	Angela Scott
TITLE OF REPORT	Treasury Management Policy and Strategy
REPORT NUMBER	CG/15/107
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To seek Committee approval for a proposed revision to the Council's Counterparty list - the list of financial institutions with which it can undertake short-term investments.

2. RECOMMENDATION(S)

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

- a) Approves the revised Counterparty list as detailed at Appendix 1.

3. FINANCIAL IMPLICATIONS

Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts on 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

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.

There have been a number of recent changes of significance that warrant seeking approval to revise the Council's Counterparty list. These proposed changes to the Counterparty list in Appendix 1 are all in line with current guidance from Capita Asset Services.

6. IMPACT

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

7. MANAGEMENT OF RISK

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

8. BACKGROUND PAPERS

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

9. REPORT AUTHOR DETAILS

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

**ABERDEEN CITY COUNCIL
COUNTERPARTY LIST**

Changes are required to the current counterparty list as follows:

1. Remove Lloyds Banking Group from the 'UK Part Nationalised Banks' category and add to 'UK Banks - £30m limit' with a reduced maximum lending period of 'up to 6 months'
2. Close Brothers, Coventry Building Society and Leeds Building Society – Increase maximum lending period from 'up to 3 months' to 'up to 6 months'
3. Add Yorkshire Building Society with a £10m limit and a maximum lending period of 'up to 3 months'
4. 'Money Market Funds' - Amend name of Ignis Liquidity Fund to Standard Life Investments (Ignis)

Deposits up to 12 months

UK Part Nationalised Banks - £30m limit

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 - £30m limit

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

UK Banks - £10m limit

Barclays Bank plc

Close Brothers

Deposits up to 6 months

UK Banks - £10m limit (continued)

Santander UK plc (includes Cater Allen)

Standard Chartered Bank

UK Building Societies - £10m limit

Coventry Building Society

Leeds Building Society

Nationwide Building Society

Deposits up to 3 months

Council's Bankers - £20m limit

Clydesdale Bank plc

UK Building Societies - £10m limit

Yorkshire Building Society

Collective Investment Schemes - £70m total limit

Money Market Funds - £10m limit

Aberdeen Liquidity Fund - Sterling

Deutsche Managed Sterling Fund

Federated Short Term Sterling Prime Fund

Goldman Sachs Sterling Liquid Reserve Fund

Morgan Stanley Sterling Liquidity Fund

Standard Life Investments (Ignis)

State Street Global Advisors GBP Liquidity Fund

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
INTERIM DIRECTOR	Angela Scott
TITLE OF REPORT	Small Financial Assistance Grants 2015/16
REPORT NUMBER	CG/15/109
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

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

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- i) consider the application received and agree to award grant funding based on the following recommendation:-
 - The Discovery Award Scotland, over 50's workshops – a maximum of £200.

3. FINANCIAL IMPLICATIONS

- 3.1 The awarding and approval of grants and financial assistance is a significant element of council business and as such millions of pounds are paid to external organisations each year. Appropriate and suitable means of approval following the principles of 'Following the Public Pound' require to be maintained in order to ensure Best Value.

There is a sum of £45,000 included in the 2015/16 Council's Revenue Budget for small financial assistance grants.

If the above recommendation is approved the amount remaining would be £36,150.

- 3.2 Elsewhere on this agenda, approval is sought to administer all future gala funding through the small financial assistance scheme. If approved, the £10,000 budget currently allocated to the City Events

team would be added to the existing small financial assistance grants budget to support the cost of all applications received for this purpose.

- 3.3 There are no implications for approved PBB options arising from this report.

4. OTHER IMPLICATIONS

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

5. BACKGROUND/MAIN ISSUES

- 5.1 At the meeting of 6 May 2014 the Committee approved a revised set of assessment criteria for the awarding of small financial assistance grants.

These were as follows:

Small Financial Assistance Grants – Assessment Criteria	
a)	Applications must be for a clear and specific purpose and include relevant background and financial information.
b)	Applications must <u>not</u> be for a purpose already being funded from another Council budget.
c)	Applications which fall within the assessment criteria of another established Council funding budget will be referred to that process.
d)	Applications must <u>not</u> be for a purpose which secured funding from this budget in the previous 12 months.
e)	Applications will only be considered whilst budget remains available.
f)	The award of funding will be limited to a maximum of £2,500.

Small Financial Assistance Grants – Conditions of Award	
a)	Following the committee, the applicant will be informed in writing of the committee decision including the amount awarded, the means of payment and the purpose for which the award was made.
b)	In exceptional circumstances where an award of funding in excess of £2,500 is approved, it will be on the basis that the arrangements in relation to the Local Code of Guidance on Funding External Organisations and Following the Public Pound will require to be put in place.

5.2 Applications:-

5.2.1 The Discovery Award Scotland, Workshops for Over 50's – Further information at Appendix A

An application has been received from the Discovery Award Coordinator to meet the cost of workshops to provide the over fifties with an opportunity to learn new skills and pick up new hobbies as well as encouraging them to volunteer in their local communities.

It is considered appropriate for this event to be considered under the small financial assistance grants assessment criteria. As it meets the criteria, it is recommended that £200 of funding be awarded for the cost of running the workshops.

6. IMPACT

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

This report is likely to be of interest to the public as it demonstrates the use of public funds.

7. MANAGEMENT OF RISK

There is a risk that funding provided will not be used for the purpose for which it was awarded.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Karen Black, Finance Officer
kblack@aberdeencity.gov.uk
(52) 3567

(Received by letter from Ian Dow, Coordinator)



The Discovery Award Scotland

North East
sponsored 2013



Dear Sir,

I am not sure to which service I address this request.

As you know, I am the Coordinator for the Discovery award and have 11 groups running in and around Aberdeen. An opportunity for the over fifties to learn new skills and pick up new hobbies, as well as encouraging them to volunteer in our local communities.

As a recruitment and training exercise, I am running some workshops for existing participants and hopefully new hopefuls that are looking for more information.

This will be held on Saturday 20th June, and another in the Autumn.

I am looking for some funding to help this event break even without the over fifties having to fund it all from their pocket.

I don't know who to apply to for financial help and am looking for about £200 to put on the events.

I would be grateful for your advice or direction as to whom I should apply.

Thanks you for your consideration

ABERDEEN CITY COUNCIL

COMMITTEE: Finance, Policy and Resources

DATE: 15 September 2015

DIRECTOR: Pete Leonard

TITLE OF REPORT: Participatory Budgeting

REPORT NUMBER:

1. PURPOSE OF REPORT

This report recommends a Participatory Budgeting Process for the disbursement funding recently identified by Aberdeen City Council for supporting under 12s clubs and youth work in Aberdeen. The process will align with the Council's developing neighbourhood/ locality based community planning approach.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a. Agree that the funding will be disbursed using a locality community planning participatory budgeting approach.
- b. Endorse the proposed financial allocation for each locality as set out in the report.
- c. For the communities falling under the remit of Northfield Total Place, remit to the Northfield Total Place Board the responsibility for progressing an appropriate participatory budgeting process in respect of that locality cluster.
- d. Instruct officers, in conjunction with appropriate key local partners, to progress appropriate participatory budgeting processes for Tillydrone, Torry, Woodside and Seaton.
- e. Request a future report on the effectiveness and impacts of the process used.

3. FINANCIAL IMPLICATIONS

An additional £100,000* was allocated by the Council' Finance, Policy and Resources Committee in June 2015, to support under 12s clubs and youth work in the city's regeneration areas. This report recommends a methodology for the disbursement of these funds.

*Note – this funding was identified from the 2014/15 underspend and is non-recurring.

It is anticipated that around £2,000 will be required to support the delivery of the participatory budgeting process. This will include hire of venues (where required); provision for video/ streaming of “pitches” to support wider engagement; licencing for voting requirements; and other associated costs. These support costs will be sourced from existing community planning budgets.

Support for delivering the participatory budgeting process will come from existing resource through Communities and Community Planning staff. Support for community organisations wishing to “pitch” their proposals will be provided by local Capacity Building Staff not involved in the delivery of the participatory budgeting process (to ensure there is no potential or perceived conflict of interest).

4. OTHER IMPLICATIONS

4.1 Following the Public Pound

The requirements of the Council’s Following the Public Pound policy will be met. It is anticipated that due to the funding amounts involved, a written funding letter would be used to confirm the amount of funding to the successful service provider. Potential providers would require to provide financial statements in advance of delivering their “pitch”.

4.2 Community Empowerment Bill

The recommendations in this report are in line with what is anticipated to be required in relation to the Community Empowerment (Scotland) Bill that was passed on 17 June 2015, and received Royal Assent on 24 July 2015.

5. BACKGROUND/MAIN ISSUES

5.1 Background

At its Finance, Policy and Resources Committee on 9 June 2015, Aberdeen City Council agreed to allocate £100,000 of its 2014/15 underspend towards under 12s clubs and youth work in the city’s regeneration areas.

Those areas are:

- Middlefield
- Northfield
- Cummings Park
- Mastrick
- Tillydrone
- Woodside
- Seaton
- Torry

It is proposed that a participatory budgeting process is used for distributing this funding.

5.2 Participatory Budgeting

Participatory budgeting involves supporting and empowering citizens in local communities to make decisions about how, and on what, budgets are spent.

5.2 Definition of Youth Work and Under 12s Clubs

Youth work can be described as activities for 12 – 25 year olds, and would include accredited and non-accredited activities for young people including youth democracy, youth action, sports, arts, and learning activities etc. For the purposes of this funding stream, it is recommended that engagement takes place with secondary school age pupils in terms of taking decisions about what activities they would like funded. This would not preclude young people older than school age participating in the chosen activities.

Under 12s clubs support primary school age children to develop through a range of activities including arts and crafts, educational trips, games, sports, etc. Under 12s clubs are predominantly planned and delivered by volunteers.

There are a range of third sector organisations and Council services that deliver youth work and under 12s activities. Council service providers will be able to bid for funding through the process, but the same services will not be involved in delivering the participatory budgeting process. This is to ensure that there is no actual or perceived conflict of interest in the process. It is anticipated that community stakeholders will also be involved in delivering the participatory budgeting process, but again, to ensure no actual or perceived conflict of interest, any organisation seeking to bid for funding will not be involved in the organisation or delivery of the participatory budgeting process.

5.5 Proposed Financial Allocation by Neighbourhood

Consideration has been given to how the funding allocation can be divided across neighbourhoods.

Appendix A sets out the number of young people in each of the regeneration neighbourhoods. For the purposes of this exercise, it is considered appropriate to consider the number of 5 – 19 year olds in each neighbourhood when determining the funding allocation.

Given the Northfield Total Place community planning structure that is already in place covering the Middlefield, Northfield, Cummings Park,

Heathryfold, and Mastrick cluster of communities, it is recommended that the funding allocation for these communities is amalgamated.

Taking into the consideration the larger number of children/ young people falling within the 10 – 19 year old bracket against the 5 – 9 year old age bracket, it is recommended that the funding is allocated 60% to youth work and 40% to work with under 12s.

Using the above suggested methodology, the following funding allocations are recommended:

Community/ Community Grouping	% allocation of funding available	Total budget allocation	Budget for Youth Work	Budget for Under 12s work
Northfield Total Place	50%	£50,000	£30,000	£20,000
Seaton	10%	£10,000	£6,000	£4,000
Tillydrone	10%	£10,000	£6,000	£4,000
Woodside	10%	£10,000	£6,000	£4,000
Torry	20%	£20,000	£12,000	£8,000

5.6 Proposed Process for Allocation – “Dragon’s Den” approach

Youth work providers (including existing and potential youth work providers), will be invited to develop and present a “pitch” of what they would deliver in relation to youth work and/or under 12s work in one or more of the identified communities. The pitch may be for all or some of the funding available. (Similar to a Dragon’s Den approach.)

Some of the regeneration areas have recently undertaken a community engagement exercise. These are: Northfield Total Place neighbourhoods, Tillydrone and Torry. Analysis of feedback from the community engagement can be broken down by age group and this can be made available to youth work providers.

A process will be developed whereby young people within each identified community will be invited to vote for their preferred “pitch”.

For the areas with an established locality planning network in place such as Northfield Total Place, the process will be managed through Northfield Total Place and may involve young people participating, whilst in their local primary and secondary schools, by viewing the “pitches” via

“streaming” and voting via mobile devices. Such a process could allow for as many as possible of the 3,500 young people in the local area to simultaneously select their preferred activities. (Challenges and limitations to this approach would include: restrictions on schools ICT in relation to viewing of video footage; the inclusion of children and young people of Heathryfold within the process; and the fact that some local children do not attend their local schools.)

For other localities such as Tillydrone, Seaton, Woodside and Torry where the existing locality networks are less developed, the community participation process could form part of a community event where local young people are invited to come along to a local community facility, hear the pitches and vote in person.

The processes involved will also provide good opportunities to further develop locality based community relationships.

All processes used will be evaluated to ensure that lessons learned can be built into future participatory budget processes.

6. IMPACT

Corporate – This report relates to ‘Aberdeen – the Smarter City’

- We will work with our partners to seek to reduce the levels of inequality in the city.
- We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self-esteem.
- Working with our third, public and private sector partners, we will provide opportunities for lifelong learning which will develop knowledge, skills and attributes of our citizens to enable them to meet the changing demands of the 21st century.
- We will embrace the distinctive pride the people of Aberdeen take in their city and work with them to enhance the sense of well-being here, building strong communities which look out for, and look after one another.

This report also relates to the Single Outcome Agreement as follows:

- People feel safe throughout Aberdeen’s communities
- Reduced levels of unemployment
- Universal literacy
- Employees in Aberdeen receive a “living wage”
- Effective lifelong learning through vocational and academic education training from secondary school
- The city is recognised as a good place to invest, live, work, visit and export from

- Reduced inequalities in healthy life expectancy and improved physical and mental health through increased physical activity
- Improved mental and physical health and social inclusion of long term unemployed by equal access to employability opportunities
- Carers are effectively supported
- Every child and young person in Aberdeen enjoys being young and at the same time feels safe, nurtured, healthy, active, included, respected and responsible
- Communities demonstrate independence, resilience, confidence, self-esteem and aspiration.
- Preventative approaches reduce the number of families experiencing multiple and complex negative outcomes
- Aberdeen is digitally connected ensuring equal opportunity of access to services for all people and support for business development.

The project will align with the following Principles of the Single Outcome Agreement:

- Target those most in need
- Reduce isolation of minority communities
- Support the capacity of Aberdeen's citizens and communities to increase their self-sufficiency
- A presumption for community based access to services
- Environmental sustainability
- Promote pride in Aberdeen

Public –The development will be of interest to the public, particularly those living in the neighbourhoods identified in this report.

7. MANAGEMENT OF RISK

This funding provides an opportunity for a community participatory budgeting approach to be used in Aberdeen and for local partnership relationships to be developed and enhanced.

8. BACKGROUND PAPERS

Finance, Policy and Resources Committee Minute, 9 June 2015

9. REPORT AUTHOR DETAILS

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

Appendix A: No. of young people in each regeneration neighbourhood

Neighbourhood	All Ages	5 - 9 years	10 - 15 years	16 - 19 years	20 - 24 years	5 - 19 years	% 5 - 19 years	10 - 19 years	% 10 - 19 years	5 - 24 years	% 5 - 24 years
Cummings Park	2417	150	211	143	170	504	6.8%	354	7.1%	674	5.6%
Mastrick	7686	418	445	355	537	1218	16.5%	800	16.0%	1755	14.5%
Middlefield	2881	224	251	178	260	653	8.9%	429	8.6%	913	7.5%
Northfield	5761	366	427	321	397	1114	15.1%	748	14.9%	1511	12.5%
Northfield Total Place	18745	1158	1334	997	1364	3489	47.3%	2331	46.5%	4853	40.0%
Seaton	6098	212	180	486	1170	878	11.9%	666	13.3%	2048	16.9%
Tillydrone	4972	257	230	360	621	847	11.5%	590	11.8%	1468	12.1%
Woodside	5297	240	237	203	597	680	9.2%	440	8.8%	1277	10.5%
Torry	10582	500	601	381	999	1482	20.1%	982	19.6%	2481	20.5%
Total (regen neighbourhoods)	45694	2367	2582	2427	4751	7376		5009		12127	

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
ACTING DIRECTOR	Angela Scott
TITLE OF REPORT	Sickness Absence Update
REPORT NUMBER	CG/15/099
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The report outlines the current sickness rates across the Council and outlines a range of measures to get the figures moving on a downward path.

2. RECOMMENDATION(S)

The Committee is requested to:

1. Note the sickness rates over the past 12 months
2. Endorse the proposed improvement measures for reducing sickness absence across the Council.

3. FINANCIAL IMPLICATIONS

The main financial implications arising from sickness absence are when alternative resources are required for cover purposes. This is normally in the form of overtime and agency/relief/supply cover.

4. OTHER IMPLICATIONS

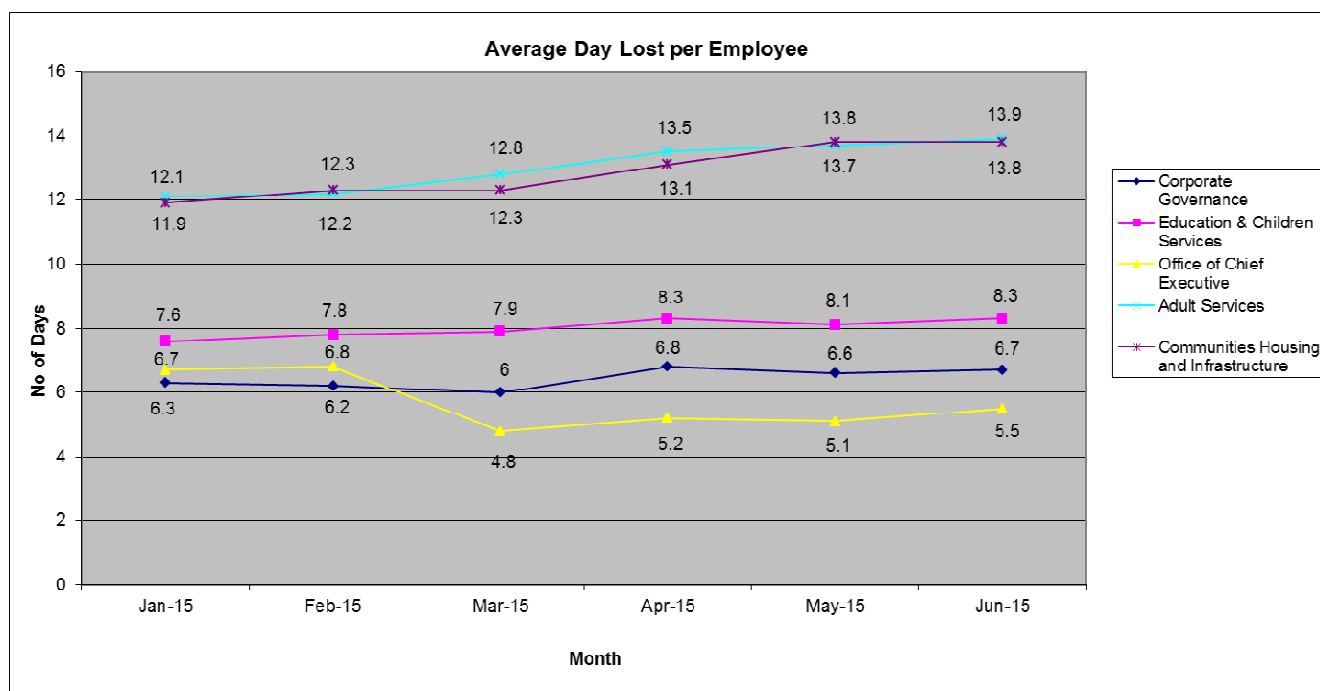
N/A

5. BACKGROUND

- 5.1 The sickness absence levels have increased by 0.1 average days per employee and now are 10.4 average days lost per employee. The reason for the increase is a rise in the number of employees being off work long term (i.e. over 28 calendar days).
- 5.2 The chart shown below details the breakdown of sickness across the new directorate structure. This shows that the Office of the Chief Executive is the Directorate with the lowest sickness rate closely followed by Corporate

Governance. However the sickness rates for Communities, Housing & Infrastructure and Adult Health & Social Care are the highest.

Current Sickness rates in the New Directorate structure - June 2015



- 5.3 The reason for the increase in sickness absence is mainly attributed to a rise in the number of days lost to long term sickness and the number of employees off long term. Through analysing this it shows that the organisation needs to improve how it deals with long term sickness. Also we need to review the existing preventative measures to avoid employees going off long term in the first place. Section 6 of this report identifies how we are going to address these identified issues.

No of Long Term Cases				
Service		April	May	June
Adult Services		14	18	16
Corporate Governance		8	11	10
CH&I		60	82	90
E&CS		74	60	95
Office of Chief Executive		0	0	1
Total		156	171	212

No of Long Term Cases			
Reasons for Absence	April	May	June
Cardiovascular	7	10	11

Dermatological	1	2	1
Endocrine	1	1	2
Gastrointestinal	14	25	28
Gynaecological	5	4	2
Industrial Injury / Accident	2	2	2
Malignancy	8	8	9
Musculoskeletal	34	37	45
Neurological	4	5	7
Other	34	23	42
Psychological	40	45	49
Respiratory	3	6	11
Urological	1	1	1
Viral	2	2	2
Total	156	171	212

5.6 Sickness absence continues to be managed and evidence of this is between 1 March 15 and 11 August 15 there have been

- 5 Ill Health Retirements
- 5 Capability – Maximising Attendance dismissals (long term Sickness)
- 1 Conduct – Maximising Attendance dismissal (short term sickness)

6. Proposed Improvement to Sickness Absence Rates

6.1 Return to Work Plans (Long Term Sickness Cases)

A return to work plan should be developed with co-operation of all parties involved including Line/Service Management, the employee, trade union representative (where appropriate), Occupational Health advice, GP advice and tailored to the specific needs of the employee. It is best to develop a return to work plan around 4 weeks (28 calendar days) into the absence.

A plan might include the employee's stated objectives, a time period to meet the objectives, information about reasonable adjustments and working arrangements, a suggested date of the employee's return to work and dates when the plan shall be reviewed.

6.2 Management of short term sickness absence

Whilst the focus has been on the increase in long term sickness, there also has been increase in short term sickness. In order to manage sickness effectively managers must apply the Maximising Attendance policy. This policy was reviewed and updated less than 12 months ago following an extensive consultation exercise and it is based on best practice to effectively manage sickness. Line Managers need to ensure that

- return to work meetings are held with employees as soon as possible on their return from a period of absence

- first stage review meetings when employees hit sickness triggers should arranged and held
- contact should maintained with those off on long term sick

6.3 Preventative Measures

In addition to the existing approach to prevent sickness absence including flu jabs, health assessments, smoking cessation assistance programmes, tool box talks etc. We are seeking to go more on the 'front foot' in preventing sickness by looking at training staff and giving staff more and more information on to assist them to lead a healthier lifestyle.

As can be seen in the earlier table the main reasons of sickness across the Council are:

- Musculoskeletal
- Psychological
- Gastrointestinal
- Cardiovascular
- Respiratory

Of these, by some way, the two highest reasons of sickness absence within the Council are musculoskeletal and psychological. Over 50% of the long term absences are caused by musculoskeletal or psychological absences with the majority of these absences being in Communities, Housing and Infrastructure and Education and Children's Services.

Further analysis has shown that 94% of all musculoskeletal absences in the Council are within two Services :- Communities, Housing and Infrastructure and Education and Children's Services.

Specific action plans to deal with both of these areas have been developed and will be finalised by the 11th September 2015. Once finalised, the action plans will be implemented across the Council particularly in the areas identified with high levels of these types of absences.

6.4 Other options being developed to assist with the reduction of sickness absence levels are:

- Officers are looking to work more closely with our New Occupational Health Provider to proactively manage sickness absence. The Occupational Health Contract was terminated with the previous provider in May 2015 with interim measure put in place to cover emergency cases until the new contract commenced on the 3rd August 2015.

The new Occupational Health contract is based on telephone consultations which allows a quicker turnaround of the information required to proactively managed sickness absence.

- Officers are also working with trade unions to develop a scheme which will identify employees who are off long term sick to do their substantive role but fit to undertake alternative duties until they are fully fit to return.
- HR Business Partner's will continue to work with their Directorate on a monthly basis to ensure long term sickness is being actively managed with the aim of reducing absence levels.
- The plan to reintroduce 'Support and Challenge meetings' across the organisation is currently being prepared. These meetings will focus on areas where sickness is both high and low and will allow challenge on areas where absence is high and provide the opportunity to learn from good practice by looking at areas where absence is low.
- The absence management module within YourHR will be used proactively to identify absences in relation to the two main causes of sickness i.e. musculoskeletal and psychological, and highlight measures such as physiotherapy and the "Time for Talking" Counselling Service which are available for employees.
- The Council is part of a Local Government Benchmarking Forum with other Scottish Local Authorities looking at absence levels. The forum will be meeting on a regular basis and seeks to learn from best practice in other Local Authorities. Lessons learned from this exercise will be developed and implemented as appropriate.

7. IMPACT

The impact of not managing sickness effectively is the negative effect this could have on the Council's ability to deliver services.

8. MANAGEMENT OF RISK

If sickness absence is not appropriately managed this has the potential for incurring significant cost and reputational damage for the Council.

9. BACKGROUND PAPERS

None

10. REPORT AUTHOR DETAILS

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COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
ACTING DIRECTOR	Angela Scott
TITLE OF REPORT	Revision of a Retirement Related policy and procedure
REPORT NUMBER	CG/15/101
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report is concerned with the revision of a policy and a procedure related to retirement namely the Managing Retirement policy and the Pension Contribution Rate Appeals procedure both of which required amendment following the introduction of the new Local Government Pension Scheme and Scottish Teachers' Pension Scheme.

2. RECOMMENDATION(S)

The Committee is requested to:

- a) Approve the revised versions of the Managing Retirement policy and the Pension Contribution Rate Appeals procedure.

3. FINANCIAL IMPLICATIONS

There are no financial implications in relation to this report.

4. OTHER IMPLICATIONS

N/A

5. BACKGROUND/MAIN ISSUES

With the introduction of the new Local Government Pension Scheme and Scottish Teachers' Pension Scheme, a need was identified for the revision of a policy and procedure related to retirement, to ensure that they reflected the content of the new schemes.

The policy and procedure requiring review were the Managing Retirement policy and the Pension Contribution Rate Appeals procedure.

The opportunity was also taken to make other necessary minor updates to terminology and wording in the respective documents.

The main changes comprise the following:-

Managing Retirement Policy & Other Related Schemes

The three proposed changes to this policy are as follows:-

- a) The section on the Flexible Retirement Scheme on pages 6 and 7 of the policy has been appropriately updated. It now reflects the fact that to be eligible the employee must be aged 55 or over, in accordance with the regulations relating to the new Local Government Pension Scheme. Previously it had applied to existing scheme members (up to 31/3/10) from age 50.

An update has also been made to fully reflect the revised employer pension discretion concerning Flexible Retirement indicating that attempts will be made to accommodate requests where they are financially and operationally feasible with all cases requiring the approval of a Service Manager. In addition a paragraph has been added intimating that where a request is agreed, the benefits payable will be subject to any applicable actuarial reduction, again in accordance with the revised employer pension discretion.

A paragraph has also been added concerning Flexible Retirement cases and the Rule of 85 stating that where the Rule of 85 is met and the employee is 55 or over and the Flexible Retirement case is approved, the Council would automatically meet the Strain on the Fund cost. This is to reflect the content of the pension regulations.

- b) The section on the Teachers' Phased Retirement Scheme on pages 7 and 8 of the policy has been appropriately updated to reflect the new Scottish Teachers' Pension Scheme regulations. A line has been added under the eligibility criteria indicating that the teacher cannot be older than 75 when they apply and an addition has been made under the same section indicating that a member may apply on three occasions before applying for their final retirement benefits, twice before age 60 and once when 60 or over, or three times when 60 or over.
- c) The section on the Teachers' Winding Down Scheme on pages 8 and 9 of the policy has been appropriately updated again to reflect the new regulations. A line has been added indicating that the scheme applies to members who are either 'protected' or have 'tapered protection' and entered the Scottish Teachers' Pension Scheme 2015 following winding down.

Other necessary updates to terminology and wording have also been made.

Pension Contribution Rate Appeals Procedure

The two proposed changes to this procedure are as follows:-

- a) A change has been made to the second paragraph on page 2 whereby reference to part-time employees pension contribution rates being based on the full-time equivalent rate of pay (plus pensionable allowances) has been removed, with the contribution rate for part-time employees now based on their actual pensionable pay (plus pensionable allowances). This is in accordance with a change in pension regulations relating to the new Local Government Pension Scheme.
- b) A line has been added to the third paragraph on page 2 in relation to changing an employee's pension contribution rate during the financial year where there has been a permanent and material change to the employee's terms of employment, making it clear that this must comprise an increase or decrease in pensionable pay of over £4000 per annum, pro-rated for part-time employees. This change is in accordance with the Council's employer discretions applying to the Local Government Pension Scheme, the change being the pro-rating for part-timers of the increase/decrease in pensionable pay of over £4000 per annum.

Other necessary updates to terminology and wording have also been made.

6. IMPACT

An Equality and Human Rights Impact Assessment has been carried out in relation to the proposed changes to the policy and procedure with no negative impacts identified.

7. MANAGEMENT OF RISK

The changes proposed in this report to the Managing Retirement policy and the Pension Contribution Rate Appeals procedure are all related to the changes to the Council's two pension schemes with no risks identified in relation to these.

8. BACKGROUND PAPERS

The Local Government Pension Scheme (Scotland) Regulations 2014, see website at:

<http://www.legislation.gov.uk/ssi/2014/164/contents/made>

HR Guide to the LGPS 2015 Scheme see website at:

<http://www.lgpsregs.org/index.php/scotland/scot-hr-payroll-guides/lgps2015-hr-guide>

Scottish Teachers' Pension Scheme 2015 Framework Document see website at:

http://www.sppa.gov.uk/Documents/STSS/STSS%20Pension%20Scheme%202015/STSS_Framework%20Document_191213.pdf

2015 Scottish Teachers' Pension Scheme – FAQs see website at:
http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=885%3Aproposed-2015-scottish-teachers-pension-scheme-faqs&catid=414&Itemid=1574

Report to the Finance, Policy and Resources Committee of 9 June 2015 entitled Employer Discretions – New Local Government Pension Scheme

9. REPORT AUTHOR DETAILS

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MANAGING RETIREMENT

POLICY & OTHER RETIREMENT RELATED SCHEMES

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- Pension Arrangements and Benefits

Section 5: Retirement Schemes - Eligibility Criteria

- Flexible Retirement Scheme
- Teachers' Phased Retirement Scheme
- Teachers' Winding Down Scheme
- Long Service Award Scheme

Section 6: Review of the policy

SECTION 1: INTRODUCTION

Policy statement

The Council does not operate a compulsory employee retirement age. It is committed to and recognises the contributions of a diverse workforce, including the skills, knowledge and experience older employees bring to an organisation. The Council is also of the view that employees should be permitted to continue working for as long as they wish to do so, provided they meet the performance standards required of their job.

SECTION 2: SCOPE AND PRINCIPLES

Scope

This policy covers all employees of the Council but does not apply to any casual or agency worker where a contract of employment does not exist.

Core principles

This policy complies with legislation concerning removal of the Default Retirement Age and the equality and diversity obligations in terms of age contained in the Equality Act 2010.

The policy reflects the ACAS guidance on 'Working without the Default Retirement Age'.

Any discussions with an employee about retirement will not result in assumptions being made about an employee's commitment to the Council.

Any concerns about an employee's work performance will be addressed through the Managing Performance policy/procedure or the Framework on Teacher Competence (whichever applies), regardless of age.

Employees will be expected to co-operate with handover arrangements and in the transfer of knowledge and skills prior to their retirement.

Within the process special allowance will be made for those employees whose first language is not English or who have difficulty expressing themselves.

SECTION 3: RETIREMENT IN GENERAL

For most people the decision to retire is influenced by their access to pension benefits as most Council employees are in a pension scheme.

At times the Council, as the employer, may deem it necessary to reduce the size of the workforce and the employee may wish to retire early. In this situation the Council's Voluntary Severance/Early Retirement Scheme (or equivalent scheme for teachers) details the arrangements and process that applies, with an estimate of benefits issued where there is support for a case.

In addition, there is a facility for employees who are pension scheme members to apply for flexible retirement (phased retirement for teachers) where they can access their pension benefits but remain in employment. This provision allows the Council to retain experienced staff with valuable skills, provided the employee meets the eligibility criteria in the respective scheme. The Scottish Teachers' Pension Scheme also has a 'winding down' provision which allows a teacher to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement.

Flexible working options in general are available to all employees of any age, including older employees who may be nearing retirement. Flexible working options are discretionary and not a right and as such require prior management approval.

SECTION 4: THE RETIREMENT PROCESS AND OTHER ISSUES

Deciding to Retire

Where an employee decides that they wish to retire, they should inform their line manager as far in advance as possible to allow the necessary preparation for retirement. In all cases the employee needs to put their decision in writing, with the minimum notice required being that set out in their contract of employment. Following the employee stating their intention to retire, a meeting should be organised to discuss and plan the arrangements for retirement.

Discussing Future Plans

It is important that the employee's future plans and work aspirations are discussed on a regular basis. The Council's Performance, Review and Development Scheme (PR&D) or Professional Review and Development process for teachers is the setting where such discussions will take place. The

ACAS guidance promotes “open discussions between employers and employees about future plans ... can help facilitate the transition from work to retirement.”

Within the PR&D process (Professional Review and Development for Teachers), no account of the age of the employee must be taken but the meeting is the opportunity to look forward and may involve a discussion about where the employee sees themselves in the organisation in the future. Such a discussion may lead to a conversation about retirement. Should the employee raise the issue of retirement then a discussion should take place, however, it should not result in any assumptions being made about the employee’s commitment to the Council.

In short, the Council seeks to retain the best talent, including older employees, with such discussions being an opportunity for both the line manager and the employee to plan jointly for the future.

Performance Management

Any issues and concerns about an employee’s work performance, regardless of age, will be addressed through the Council’s Managing Performance policy/procedure or Framework on Teacher Competence (whichever applies). No assumptions will be made about an employee’s performance in relation to their age.

Pension Arrangements and Benefits

There are two pension schemes operating in the Council, the Local Government Pension Scheme (LGPS), available to all employees except Teachers and the Scottish Teachers’ Pension Scheme (STPS) available to teachers (and associated professionals as set out in the SNCT handbook), with separate rules and regulations applying to each.

Scheme members who have decided to retire on a specified date may request an estimate of benefits. General information on the schemes and benefits is also available at the contact addresses and numbers detailed in the guidance notes associated with this policy.

Retirement provisions of recognised pension schemes

Within the LGPS and the STPS there are a variety of differing provisions which detail ways employees can retire and/or access their pension benefits. **The provisions of the schemes differ so it is important to check with the particular scheme as some of the following options may not apply to both schemes.** Some examples of the provisions of the schemes are:

- Flexible Retirement (see provisions below)
- Teachers' Phased Retirement (see provisions below)
- Teachers' Winding Down (see provisions below)
- Teachers' Premature Retirement (see separate provisions)
- Ill-Health Retirement (see separate procedures)
- Actuarially Reduced Pension Benefits (applies to both LGPS and STPS)
- Rule of 85 (Protected benefit for LGPS only)

Employees not in a pension scheme recognised by the Council

Where an employee is not in one of the pension schemes recognised by the Council (i.e. LGPS or STPS) and decides that they wish to retire, any such request should be progressed in the same way as an employee in one of the pension schemes, as detailed in this policy, with a discussion on future plans also taking place as part of their annual PR&D (or professional review and development for teachers).

SECTION 5: RETIREMENT SCHEMES – ELIGIBILITY CRITERIA

Flexible Retirement Scheme

The provision to flexibly retire is contained within the Local Government Pension Scheme regulations. A flexible retirement request is where an employee seeks the Council's consent to either reduce their hours of work and/or grade of post, at the same time accessing their pension benefits either in full or in part. As a result the employee would not have to retire completely from employment. The employee can also continue to pay contributions into the pension scheme and accrue further pension service once the change in hours and/or grade has occurred.

The Council recognises that benefits of flexible retirement can include:-

- an improvement to an employee's work life balance
- the retention of experienced employees with valuable skills
- the extension to employees' working lives

Attempts will be made to accommodate flexible retirement requests where they are financially and operationally feasible, with cases requiring the approval of a Service Manager.

Eligibility

The following are conditions that **MUST** be met before a flexible retirement arrangement can be approved and amended working arrangements are put in place:-

- The employee must be a member of the Local Government Pension Scheme
- The employee must have at least 2 years' service in the pension scheme
- The employee must be aged 55 or over.
- The employee's basic salary must reduce by at least 25%. This can be achieved either through a reduction in hours or a reduction in grade
- The employee must apply for flexible retirement in accordance with the agreed procedure
- Normally, only one application may be made by an employee in any 12 month rolling calendar period

Once a flexible retirement arrangement has been agreed and implemented, any subsequent contractual changes arising from a flexible retirement application must result in a continued reduction of at least 25% of the employee's salary. All further changes may only be made by mutual consent.

In addition, where a flexible retirement is agreed, the benefits payable will be subject to any applicable actuarial reduction. The Council will not waive any such reduction in whole or in part.

The Council has sole discretion whether or not to approve applications for flexible retirement.

Where an employee, who is 55 or over, seeking Flexible Retirement meets the Rule of 85 and the case is approved, the Council automatically meets the Strain on the Fund cost.

The procedure for applying for flexible retirement is detailed in the guidance notes which accompany this policy.

Teachers' Phased Retirement Scheme

Members of the teachers' scheme are allowed to reduce their working commitment (i.e. hours) whilst releasing a proportion of their pension benefits in the lead up to full retirement.

Eligibility

The conditions of Phased Retirement are set by the pension scheme itself and in summary are:

The applying teacher must:

- Be aged 55 or over (but cannot be older than 75 when they apply)
- Have been in pensionable employment on or after 1 April 2007

In addition:

- The maximum amount of total retirement benefits a member is permitted to take is 75%
- There must be a reduction of at least 20% of the member's pensionable salary
- The reduction in pensionable pay must apply for at least 12 months.

A member may apply for Phased Retirement on three occasions before applying for their final retirement benefits, twice before age 60 and once when 60 or over, or three times when 60 or over. The benefits the member chooses to take will be Actuarially Reduced if they are applying before their Normal Pension Age (NPA). With each application for Phased Retirement there must be a 20% reduction of the member's pensionable salary prior to their application and at least 25% of their total benefits must remain in the scheme.

The Council has sole discretion whether or not to approve applications for phased retirement. The procedure for applying for phased retirement is detailed in the guidance notes which accompany this policy.

Teachers' Winding Down Scheme

Winding Down is a phased retirement option for teachers. It applies to members who are either 'protected' or have 'tapered protection' and have entered the STPS 2015 following winding down. It offers those members approaching retirement age the opportunity to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement.

Eligibility

The Regulations for eligibility to Wind Down were amended from 1 April 2007 to allow members who have a Normal Pension Age (NPA) of 65 to be included. Therefore, to participate in Winding Down employment a teacher must:-

- Have attained the age of 56 if NPA is 60 OR 61 if NPA is 65
- Have been in full-time service for a period of 10 years immediately prior to commencing Winding Down employment
- Have accrued a minimum of 25 years' teaching service prior to commencing Winding Down (i.e. the member must have had a contract to teach for at least 25 years). The period may include, for qualifying purposes, a maximum of 5 years during any break or breaks in teaching service which will count towards the requirement of having 25 years' teaching service, (although will not count towards the calculation of benefits)
- Reduce their working hours equal to or more than 0.5 full-time equivalent
- Remain in Winding Down employment up to a maximum of 4 years prior to NPA. Where a teacher ceases to be in the Winding Down Scheme employment (leaving during or at the end of the 4 years permissible) and returns to teaching service, the service credit during the period of Winding Down employment will be removed.

The Council has sole discretion whether or not to approve applications for Winding Down. The procedure for applying for Winding Down is detailed in the guidance notes, which accompany this policy.

Long Service Award Scheme

The purpose of the Long Service Award Scheme is to recognise the loyalty of those employees who have dedicated their main employment to Aberdeen City Council (including its predecessor authorities), subject to the following eligibility requirements:

- employees must have 25 years' or more continuous service
- only one Long Service Award will be made per employee

The Long Service Award will be made when the employee decides to leave employment with the Council. The award will not apply where the employee is dismissed by the Council for reasons of discipline.

The Long Service Award will be a monetary value for the employee to purchase a gift as a memento of service with the Council. Below are the monetary values of the levels of award.

No of years of continuous service	Monetary Award (inclusive of VAT)
Under 25	nil
25 up to 40	£300
Over 40	£600

The process for making a Long Service Award is detailed in the guidance notes which accompany this policy.

SECTION 6: REVIEW OF THE POLICY

HR and Customer Service will review this policy every 3 years. It will, nevertheless, be subject to continual review and amendment in light of experience of its operation, employment best practice and statutory requirements. Changes will only be made following normal consultation arrangements.



PENSION CONTRIBUTION RATE APPEALS PROCEDURE



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

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 - employees covered by this appeals procedure
 - individual and group appeals
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 - offer of assistance
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- **Registering an appeal**
 - how to appeal and timescales
 - who hears the appeal?
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- **Format of the Appeal Hearing**
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 - Step 3: Information gathering
 - Step 4: Closing Statements
 - Step 5: Adjournment
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- Appendix2: Model Letter – To Confirm of Outcome of Appeal Hearing



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

SECTION 1: THE PROCEDURE

1.1 INTRODUCTION

The Local Government Pension Scheme has a tiered employee contribution rate structure, with tiers operating on a banding system. The current table of contribution rates is included with the employee's pension contribution rate letter.

All employees in the Pension Scheme will pay pension contributions based on the appropriate tier. The Council calculates the pension contribution rate each year using the employee's pensionable pay plus pensionable allowances and informs each employee in writing of the pension contribution rate he/she will pay. The pension contribution rate is fixed for the whole of the forthcoming financial year (April to March); unless there is a permanent and material change to the employee's terms of employment comprising an increase or decrease in pensionable pay of over £4000 per annum (pro rata for part-time). The tiers on which contribution rates are set are adjusted from the beginning of each financial year in line with the change in the Consumer Price Index.

Before this appeals procedure can be instigated, where an employee considers that their pension contribution rate has been incorrectly identified, they must first enquire with the Payroll Section by telephone about how their pension contribution rate was identified, by asking what pensionable pay plus allowances figure was used to determine the rate. The enquiry must be made within 10 days of receipt of the letter confirming the pension contribution rate. If following receipt of an answer in writing to the enquiry, the employee still considers that their pension contribution rate has been incorrectly identified and the Payroll Section do not agree with the employee's view, the employee has the right of appeal against the identified pension contribution rate within 10 days of being notified in writing by the Payroll Section. Any error identified in the setting of an employee's pension contribution rate will be appropriately corrected.

This procedure has been designed to deal with such appeals and to enable them to be dealt with promptly and fairly.

1.2 SCOPE AND CORE PRINCIPLES

Employees covered by this Appeals Procedure

This procedure applies to all employees of the Council who are members of the Local Government Pension Scheme.



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

Individual and group appeals

Appeals can be made on an individual or group basis. Group appeals would only apply in respect of employees in the same job earning exactly the same pensionable pay plus pensionable allowances and where the agreement of the individual employees and their trade unions (where appropriate) has been obtained. In the case of group appeals, arrangements can be made, where the parties agree, for a spokesperson to attend the appeal hearing on behalf of the group of employees.

Representation at the Appeal Hearing

Employees will have the right to be accompanied by a trade union representative or work colleague of their choice at the appeal hearing. In the case of group appeals, more than one trade union representative can be present where employees are being represented by more than one union. They will not be permitted to be accompanied by a legal practitioner, partner or spouse.

Offer of Assistance

Throughout the procedure, appropriate assistance and arrangements will be made available to employees whose first language is not English and to employees with a disability.

1.3 GROUND FOR APPEAL

An employee can appeal if they consider that:-

- The pensionable pay plus pensionable allowances used to determine the employee's pension contribution rate has been incorrectly identified. The employee would be required to state the reason(s) why they considered this to be the case.

1.4 REGISTERING AN APPEAL

How to Appeal and Timescales

An employee appealing against the identified pension contribution rate does so by registering the appeal in writing to the Head of HR and Customer Service within 10 days of receipt of the letter from Payroll informing them of how their rate was calculated for the coming year. The employee would set out the ground for the appeal in the letter. Appeals will only be considered if submitted in accordance with the above.

Who Hears the Appeal?

The Head of HR and Customer Service will nominate an appropriate officer at Service Manager level or above to hear the appeal. The officer hearing the appeal will write to the employee to invite them to the appeal hearing as soon as practicable following being nominated as chair of the hearing (see Appendix 1).



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

Who Attends the Appeal Hearing?

In addition to the chair of the hearing, the appellant will attend along with their companion (restricted to a trade union representative or work colleague). In the case of group appeals, a spokesperson may attend on behalf of the group. The appellant is permitted to submit written evidence in advance if they do not wish to attend the appeal hearing in person. An HR representative will be present to provide advice and guidance on the appeals procedure and to answer general queries relating to the operation of the pay bands and the tiered contribution rate structure.

(An interpreter/signer/support worker can be present, where necessary, to assist employees whose language is sign or whose first language is not English or to assist people with disabilities).

1.5 FORMAT OF THE APPEAL HEARING

The appeal hearing will comprise the following steps:-

Step	Description
Introduction	The Chair explains the purpose and format of the hearing and deals with any procedural issues.
Presentation	Appellant or their companion presents the key points of their appeal explaining why they consider the incorrect pension contribution rate has been identified in their case.
Information Gathering	The Chair will then ask questions in order to gain more information to confirm that the grounds for appeal are valid.
Closing Statements	The Chair will give the appellant or their companion the opportunity to make closing remarks.
Adjournment	The hearing is adjourned to allow the chair to consider the merits of the appeal. The chair will decide whether to: • Uphold the appeal, in which case the appellant's pension contribution rate will be changed to be based on the pensionable pay plus pensionable allowances identified by the appellant (please note that any decision to uphold the appeal must be in accordance with the pension regulations). • Reject the appeal, in which case the pension contribution rate will stand, with there being no further right of appeal for the employee. • Suspend the appeal to allow for additional information to be gathered before making a decision.
Decision	The chair will reconvene the hearing and verbally inform the employee of the decision. The decision is then confirmed in writing within 10 days of the hearing. The letter will include the reason(s) for arriving at the decision (see Appendix 2). There is no further right of appeal to the employer following this process.

Note: the Payroll and Pension sections will both be informed of the outcome of the appeal and if upheld, the appropriate amendment will be made to the employee's pension contribution rate as soon as practicable. This will take effect from the



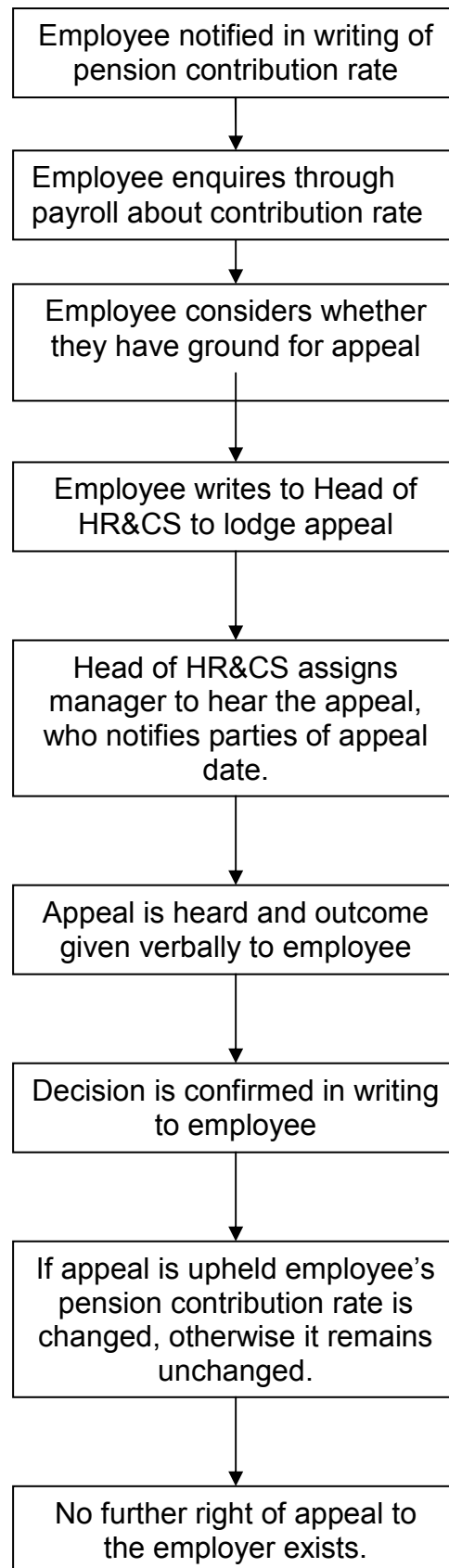
PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

commencement of the particular financial year. Any arrears of over or underpayment of pension contributions will be appropriately addressed.



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

SECTION 2: OVERVIEW OF THE APPEALS PROCESS





PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

SECTION 3: REVIEW OF THE PROCEDURE

HR and Customer Service will review this procedure as required. It will, nevertheless, be subject to continual review and amendment in the light of experience of its operation, employment best practice and statutory requirements. Changes will only be put into effect following the normal consultation arrangements.

PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE**MODEL LETTER – CALLING EMPLOYEE TO APPEAL HEARING****PERSONAL**

Dear

NOTICE OF APPEAL HEARING FOR PENSION CONTRIBUTION RATE

You have appealed against the decision with regard to the identification of your pension contribution rate confirmed to you in writing on _____. I will be hearing the appeal.

When appeal will be heard

I wish to hear the appeal on _____ (date/time) at _____ (location).

Format of the appeal hearing

I intend to conduct the appeal hearing using the following procedure:

1. Firstly, I will explain the purpose and format of the hearing and deal with any procedural issues that may arise.
2. I will then ask you to state your grounds and reasons for the appeal.
3. I will ask questions of you and my colleague(s) may also do so as a means of clarifying matters.
4. I will give you and your companion the opportunity to ask any questions and to then make a closing statement.
5. I will allow adjournments during the course of the hearing where they are necessary.
6. At the end of the hearing, I will adjourn the meeting.
7. During this adjournment, I will consider all of the relevant issues that have emerged from the hearing to make my decision
8. I will then reconvene the hearing and announce my decision, along with the reasons for arriving at that decision. I will thereafter confirm my decision in writing



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

Potential outcome of hearing

I will carefully consider your grounds for appeal and then decide whether there are sufficient and reasonable grounds to either:

- (a) uphold the appeal in which case your pension contribution rate will be amended and arrears of contributions appropriately addressed (any decision to uphold the appeal must be in accordance with the pension regulations)
- (b) reject the appeal in which case the identified pension contribution rate will stand
- (c) suspend the appeal to allow for additional information to be gathered before making a decision

Your right to be accompanied

You have the right to be accompanied by another work colleague or a trade union representative if you so wish. Please note however that the procedure does not allow you to be accompanied by your partner, a spouse or a legal practitioner.

I will be accompanied by (*name of officer*).

The decision of this appeal hearing is final and there is no further right of appeal to the employer.

Confirming your attendance

Please confirm that the above date and time for the hearing is suitable and whether you will be accompanied and, if so, by whom.

Yours sincerely

NAME OF OFFICER CONDUCTING HEARING

cc HR Adviser
 Personal File



PENSIONS CONTRIBUTION RATE APPEALS PROCEDURE

MODEL LETTER – TO CONFIRM OF OUTCOME OF APPEAL HEARING

PERSONAL

Dear

CONFIRMATION OF OUTCOME OF APPEAL HEARING

On (*date of letter*), you appealed against the decision with regard to the identification of your pension contribution rate

I heard the appeal on (*date of hearing*) in the presence of (*names of officers present, including companions if applicable*).

This letter confirms my decision.

Outcome of appeal hearing

Having given full consideration to the issues that emerged during the course of the appeal hearing, I write to confirm my decision, *to uphold the appeal and hence your pension contribution rate will be appropriately amended with effect from the beginning of the financial year and arrears of contributions appropriately addressed/
*to reject the appeal and hence your pension contribution rate will stand (**delete one option*).

Reasons for my decision

My reasons for arriving at this decision and the factors that I considered relevant were: (*to insert*)

You have now exercised your right of appeal to your employer under the Council's Pension Contribution Rate Appeals Procedure and my decision is final.

Yours sincerely

NAME OF OFFICER CONDUCTING HEARING

cc HR Adviser
 Personal File

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Equality and Human Right Impact Assessment: The Form



ABERDEEN
CITY COUNCIL

Aberdeen City Council

EHRIA

There are separate guidance notes to accompany this form – “Equality and Human Rights Impact Assessment – the Guide.” Please use these guidance notes as you complete this form. Throughout the form, **the word “proposal” refers to policy, strategy, plan, procedure, report or business case.** This then, embraces a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Please also refer to the “Completion Terminology” at the end of the form.

1:Equality and Human Rights Impact Assessment- Essential Information	
Name of Proposal: Revision of a Retirement Related policy and procedure	Date of Assessment: 19 June 2015
Service: HR and Customer Service	Directorate: Corporate Governance
Committee Name or delegated power reference (Where appropriate): Finance, Policy and Resources	Date of Committee (Where appropriate): 15 September 2015

Who does this proposal affect? Please Tick ▼	Employees ☒ Job Applicants ☐ Service Users ☐ Members of the Public ☐ Other (List below) ☐
2: Equality and Human Rights Impact Assessment- Pre-screening	
Is an impact assessment required?	Yes ☒ No ☐
If No, what is the evidence to support this decision?	

(Once this section is completed, please complete section 8 of the form).

3: Equality and Human Rights Impact Assessment	
a- What are the aims and intended effects of this proposal?	The main aim of the proposal is to ensure the updating of the Managing Retirement policy and the Pension Contribution Rate Appeals procedure so that they reflect the content of the Local Government Pension Scheme and the Scottish Teachers' Pension Scheme and are compliant with same.

b- What equality data is available in relation to this proposal? (Please see guidance notes)	Not applicable.
c- List the outcomes from any consultation that relate to equalities and/or human rights issues e.g. with employees, service users, Unions or members of the public that has taken place in relation to the proposal.	No comments received.

d- Financial Assessment If applicable, state any relevant cost implications or savings expected from the proposal.	Costs (£) Implementation cost £ Projected Savings £ There are no financial implications in relation to the proposal.
e- How does this proposal contribute to the public sector equality duty: to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations?	
The proposal involves the updating of the policy and procedure to take account of the changes to the two pension schemes and will have no impact in relation to the public sector equality duty.	
f- How does this proposal link to the Council's Equality Outcomes?	
The proposal involves the updating of the policy/and procedure to take account of the pension scheme	

changes and will have no impact in relation to the Council's employment related equality outcome.

4: Equality Impact Assessment - Test					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a ' <i>Genuine Determining Reason</i> '* exists *(see completion terminology)	
Age (People of all ages)	✓				
Disability (Mental, Physical, Sensory and Carers of Disabled people)	✓				
Gender Reassignment	✓				
Marital Status (Marriage and Civil Partnerships)	✓				
Pregnancy and Maternity	✓				

Equality Impact Assessment Test:					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Race (All Racial Groups including Gypsy/Travellers)	✓				
Religion or Belief or Non-belief	✓				
Sex (Women and men)	✓				
Sexual Orientation (Heterosexual, Lesbian, Gay And Bisexual)	✓				
Other (e.g: Poverty)	✓				

5: Human Rights Impact Assessment Test	
Does this proposal have the potential to impact on an individual's Human Rights? No Evidence of impact and , if applicable, justification where the impact is proportionate	
Article 2 of protocol 1: Right to education	Yes ☐ No ☒ Evidence:
Article 3: Right not to be subjected to torture, inhumane or degrading treatment or punishment	Yes ☐ No ☒ Evidence:

Article 6: Right to a fair and public hearing	☐ Yes ☒ No Evidence:
Article 8: Right to respect for private and family life, home and correspondence	☐ Yes ☒ No Evidence:
Article 10: Freedom of expression	☐ Yes ☒ No Evidence:
Article 14: Right not to be subject to discrimination	☐ Yes ☒ No Evidence:

Other article not listed above, please state:	☐ Yes ☒ No Evidence:
6: Assessment Rating:	
Please rate the overall equality and human right assessment (Please see Completion terminology)	☐ Red ☐ Red Amber ☐ Amber ☒ Green
Reason for that rating:	A rating of green has been identified as the proposal does not have any adverse impacts on people who share protected characteristics.

7: Action Planning					
As a result of performing this assessment, what actions are proposed to remove or reduce any risks of adverse outcomes identified on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Identified Risk and to whom:	Recommended Actions:	Responsible Lead:	Completion Date:	Review Date:	
N/A	N/A				

8: Sign off				
Completed by (Names and Services) :	Keith Tennant, Team Leader, Policy and Performance, HR & Customer Service			
Signed off by (Head of Service) :				
Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal document and/or committee report to: Equalities Team Customer Service and Performance Corporate Governance Aberdeen City Council Business Hub 13 Second Floor North Marischal College Broad Street Aberdeen AB10 1AB				

9: Completion Terminology:	
Assessment Pre-screening Rating:	This section will highlight where there is the obvious potential for a negative impact and subsequent risk of negative media coverage and reputational damage to the Council. Therefore, a full impact assessment is required, for example around sensitive issues such as marching, Gypsy/ Traveller issues, change to social care provision. It should also be completed to evidence why a full impact assessment was not required, example, there is no potential negative impact on people.
Assessment Rating:	After completing this document, rate the overall assessment as follows: Red: As a result of performing this assessment, it is evident that we will discriminate (direct, indirect, unintentional or otherwise) against one or more of the nine groups of people who share <i>Protected Characteristics</i>. It is essential that the use of the proposal be suspended until further work or assessment is performed and the discrimination is removed. Red Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists to one or more of the nine groups of people who share <i>Protected Characteristics</i>. However, a genuine determining reason may exist that could legitimise or justify the use of this proposal and further professional advice should be taken. Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists and this risk may be removed or reduced by implementing the actions detailed within the <i>Action Planning</i> section of this document.

	Green: As a result of performing this proposal does not appear to have any adverse impacts on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.
Equality Data:	Equality data is internal or external information that may indicate how the proposal being analysed can affect different groups of people who share the nine <i>Protected Characteristics</i> – referred to hereafter as ‘<i>Equality Groups</i>’. Examples of <i>Equality Data</i> include: (this list is not definitive) 1: Application success rates by <i>Equality Groups</i> 2: Complaints by <i>Equality Groups</i> 3: Service usage and withdrawal of services by <i>Equality Groups</i> 4: Grievances or decisions upheld and dismissed by <i>Equality Groups</i> Certain discrimination may be capable of being justified on the grounds that: (i) <i>A genuine determining reason exists</i> (ii) <i>The action is proportionate to the legitimate aims of the organisation</i> Where this is identified, it is recommended that professional and legal advice is sought prior to completing an Equality Impact Assessment.
Human Rights	The rights set out in the European Convention on Human Rights, as incorporated into the UK Law by the Human Rights Act 1998.
Legal Status:	This document is designed to assist us in “<i>Identifying and eliminating unlawful Discrimination, Harassment and Victimisation</i>” as required by <i>The Equality Act Public Sector Duty 2011</i>. An Equality Impact Assessment is not, in itself, legally binding and should not be used as a substitute for legal or other professional advice.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
ACTING DIRECTOR	Angela Scott
TITLE OF REPORT	Agency Update
REPORT NUMBER	CG/15/100
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to provide the Committee with information regarding agency usage within Aberdeen City Council.

2. RECOMMENDATION(S)

The Committee is requested to :-

- Instruct Directorates to ensure that the process for authorising Agency Workers is followed, especially ensuring the reason the Agency Worker is required is fully explained on the request form.
- Note that Services should ensure that the reasons for agency staff being used on the agency request forms to assist with reporting accuracy.
- Note the actions being taken to ensure that suitable checks are made of agency worker qualifications.

3. FINANCIAL IMPLICATIONS

The spend on agency staff for Aberdeen City Council from July 2014 – April 2015 was £5,795,329.71. These costs are met from within existing Service budgets.

4. OTHER IMPLICATIONS

N/A

5. BACKGROUND

Agency Workers are utilised for a variety of reasons such as :-

- to cover peaks and troughs in workload
- cover short term absence of staff
- look to supplement defined period specialist work
- fill for a defined period a vacant post

Agency workers are engaged for business reasons to ensure we deliver and maintain timely high quality services to the citizens and communities we serve.

Figure 1 : Monthly Agency usage

Month	Agency Workers (FTE)
July 2014	297.9
August 2014	270.9
September 2014	259
October 2014	250.6
November 2014	252
December 2014	300.1
January 2015	304
February 2015	231.62
March 2015	270.9
April 2015	261.87

The total numbers of FTE agency usage fluctuates on a monthly basis. The highest number being used in January (303.9) and the lowest in February (231.62). This information can be further broken down by Service:-

Figure 2 : Agency usage by Service

FTE	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15
OCE	0	0	0	0	0	0	0
CG	12	11	10	5	3	2	2
EC&S	10.3	6.2	15.4	4	7	91.79	92
EP&I	25.78	24.74	28.04	24.96	26.1	26.2	29.9
H&E	237.9	218.4	195.01	207.5	207	171	171.1
SC&WB	11.9	10.55	10.59	9.14	8.96	9.11	8.95

FTE	Feb-15	Mar-15	Apr-15
OCE	1	1	1
CG	2	3	2
E&CS	13.11	35.38	36.7
CH&I	207.06	221.3	212.06
H&SCP	8.46	10.21	10.11

The highest numbers of agency usage by service are within the Communities, Housing and Environment. Approximately 50% of the agency usage relates specifically to Trades personnel.

Prior to deciding whether the engagement of agency staff would be appropriate consideration is given by all Services as to how long they would need someone for, how specialised is the particular post and how much will it cost.

The circumstances where a service may engage agency staff would include where they have identified an immediate need to fill a post to maintain the expected level of service. Similarly where the number or level of vacancies within a specific area impinges on a services ability to deliver the minimum level of service over a shorter period of time agency workers may be engaged.

Figure 3 : Agency usage by category

FTE	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Admin/Clerical	46.83	35.62	37.64	31.6	31.54	28.16	25.4	23.4	27.2	25.05
Schools	0	0	0	0	2	1	0	0	0	0
Care	1.29	1.17	0.8	1.03	1.19	1.31	1.59	1.71	1.75	1.59
Catering	4.3	3.2	8.4	0	0	251	88	11.67	33.27	32.02
Domestic/Cleaning	0.41	0	0	0	0	0.07	0.19	0.19	0	0
Janitorial	0	0	0	0	0	0	0	0	0	0
Technical	2.81	1.81	0.81	1.81	2.81	2.81	4.81	4.81	3.81	5.81
Drivers	0	0	0	0	0	0	0	0	0	0
Gardeners	0	0	0	0	0	0	0	0	0	0
Refuse	29	26	21	25	25	26	21	20	20	20

With the exception of Trades (which is shown in the table below) the highest usage of agency staff is within the care sector. Regulated services require staffing ratios to be maintained at the predetermined level.

There are also larger numbers of agency staff being used in Environmental Services and Waste Collection and Disposal. This is to cover sickness absence and one off events like drivers attending necessary training but it also covers vacancies.

Figure 4: Split of Trades usage by category

TRADES_FTE	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Blacksmith	0	0	0	0	0	0	0	0	0	0
Electrician	14.83	13.76	14.6	15.25	14.58	13.35	10.88	12.71	10.71	9.89
Joiner	41.72	44.01	36.21	37.74	38.78	32.21	31	39.05	35.44	30.79
Mason	1.88	1.84	1.29	1.67	0.79	0.5	0.74	0.65	0.86	3.74
Painter	30.52	24.08	21.16	29.04	28.56	18.05	18.79	24.81	21.49	17.31
Plasterer	7.52	8.21	7.34	6.33	8.87	7.08	7.7	12.18	10.58	9.04
Plumber	12.84	11.58	10.29	9.49	8.31	3.67	3.63	4.78	5.65	5.68
Slater	2.9	2.76	2.79	2.1	2.71	1.31	2.5	2.83	2.84	3.87
Glazier	0	0.2	1	1	1	0.75	0.75	0.75	1	3.82
Labourer	9.88	9.59	10.61	6.74	6.36	5.7	5.23	5.64	5.73	12.87
Semi Skilled Labourer	14.89	15.07	8.75	13.77	15.69	12.16	12.89	17.13	19.73	13.86
Gas Safe Engineer	0	0	0	0	0	0	0	0	0	0

Agency workers are used to cover external contract work that can not be carried out by existing staff numbers.

Figure 5: Agency Spend from 1st July 2014 – 30th April 2015

Service	General services	Trading	Total
OCE	£3,311.22	£0.00	£3,311.22
CH&I	£2,043,185.47	£2,792,883.96	£4,836,069.43
CG	£320,012.81	£0.00	£320,012.81
E&CS	£437,322.59	£0.00	£437,322.59
H&SCP	£198,613.66	£0.00	£198,613.66
Total	£3,002,445.75	£2,792,883.96	£5,795,329.71

48% of all agency spend relates to workers who are used to cover building contracts to ensure that the contracts are delivered within timescales.

The Council's approved method of engaging agency workers is through a range of Framework Agreements tendered by Procurement Scotland on behalf of all Scottish public sector bodies.

Currently there are three frameworks in place which provide agency workers :-

Scottish Procurement for Admin, Catering & Manual, IT, Professional
 Scotland Excel – Social Care
 Collaborative framework – Trades

Discussions have been ongoing regarding the use of umbrella companies for agency workers. At this stage this issue requires to be explored further. This will be done in collaboration with Trade Union colleagues.

As part of the contract terms and condition there is a requirement for the agencies to perform integrity checks on all workers to ensure that they have the correct background, experience or qualifications.

An internal audit report on agency workers in 2014 highlighted the issue of checking of the qualifications of agency workers particularly in relation to trades.

As a result of this a further check is now conducted. This check involves CV's for available workers being considered and suitable candidates identified by Contract Managers. On their first day they must produce their original qualification certificate which is copied and scanned. They are also given a Corporate and site specific induction.

Following the internal audit report, the treatment of agency workers identified by the report has been investigated. On the whole it appears that line managers and staff are aware that there is a distinction between Council employees and agency workers. It is important to ensure that Directorates are following the Using Agency Workers Procedure fully to ensure that the treatment of agency workers is uniform and there is clear distinction between agency workers and permanent staff. In particular, agency staff should only be used for a maximum period of 12 weeks unless there are exceptional circumstances and the relevant authorisation is granted in accordance with the Using Agency Procedure.

6. IMPACT

Agency usage has an impact on the delivery of Council Services.

7. MANAGEMENT OF RISK

The risk to the organization of not using agency staff may result in some Services not being delivered.

The impact of not engaging agency workers is the effect this could have on the Council's ability to deliver services if suitable resource is not in place to deliver services.

The risk of using agency workers is that agency workers can be deemed to be permanent employees. This can occur when an agency worker is treated, in the main, by the Council and other employees as if they are another permanent employee rather than an agent. The risk of this occurring increases the longer an agency worker is with the Council. Additionally, after a period of 12 weeks, agency workers become entitled to the same basic employment conditions as if they had been directly employed by the Council.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Neil Yacamini, Team Leader
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Tel: (01224) 522913

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 th September 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Strategic Infrastructure Plan Progress Update
REPORT NUMBER	CG/15/123
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

The purpose of the report is to provide members with a progress update on the delivery of Strategic Infrastructure Plan (SIP).

2. RECOMMENDATION(S)

It is recommended that the committee:

- a) note the content of the report and the progress made.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. All financial implications are managed as part of the Council's capital planning process.

There are no implications for any approved PBB options.

4. OTHER IMPLICATIONS

There are no other direct implications arising as a result of this report regarding legal, resource, personnel, property, equipment, sustainability and environmental, health and safety and/or policy implications.

5. BACKGROUND/MAIN ISSUES

At its meeting on the 6th March 2013, Council agreed to the preparation of a Strategic Infrastructure Plan (SIP) and this plan was presented and approved

at its meeting on the 31st October 2013.

The importance of the SIP can not be underestimated and is one of the key priorities for the Council. It focuses on the delivery of our Strategic and Local Development Plans and is integral to the development of the enabling infrastructure needed to realise the aspirations of all our plans as well as meeting the objectives in the Single Outcome Agreement.

To achieve this the SIP is centred around five key goals:

1. A step change in the supply of housing
2. Better digital connectivity at home and at work
3. Better local transport
4. The skills and labour that Aberdeen needs to thrive
5. A better image for the city

The SIP contains bold, large scale projects that will help deliver these goals and the appendix to this report provides members with a progress update on the delivery of these projects as well as an update to the supporting infrastructure projects.

6. IMPACT

The Strategic Infrastructure Plan relates to the following Single Outcome Agreement objectives:

- We live in a Scotland that is the most attractive place for doing business in Europe;
- We realise our full economic potential with more and better employment opportunities for our people;
- We live in well-designed, sustainable places where we are able to access the amenities and services we need;
- We value and enjoy our built and natural environment and protect it and enhance it for future generations;
- We take pride in a strong, fair and inclusive national identity; and
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

It also meets the vision of the Community Plan in promoting a strong image of the city and a sense of civic pride and promotes the redevelopment of the City Centre, which is one of the main priorities for the Community Plan and Single Outcome Agreement and supports the Council's 5 year Business Plan in terms of protecting and enhancing the built environment, attracting visitors, workers and investment to protect the economic future of the city, and, to facilitate new development projects to improve Aberdeen's living and working environment.

Given the nature of the Strategic Infrastructure Plan this may be of interest to the public.

7. MANAGEMENT OF RISK

N/A

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

David Leslie
Strategic Infrastructure Plan Programme Manager
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01224 522772

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Project ID		Project Name		Programme/P project Manager	Stage	Last Completed Milestone	Next Milestone	Milestone Target Date	Project End Date	Timeline		Risk		Budget		Resource		Scope		Benefits		Quality		Notes	
SIP	Capital									Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu				
AFFORDABLE HOUSING PROGRAMME																									
	✓		Appointment of Delivery Partner	Paul Genoe	Implement	Tenders received	Evaluations of tenders	Sep-15	Oct-15	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Appointment of a partner is programmed to be reported to Full Council in October 2015. The team are currently evaluating the tender returns.	
	✓		Former Bucksburn Farm	Paul Genoe	Implement	Continue with site due diligence	Continue with site due diligence	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Site investigations and due diligence work continues to be carried out. Appointment of Consultants for EIA at Bucksburn is now complete and has received Legal sign off.		
	✓		Former Craighill Primary School	Paul Genoe	Implement	Appoint Engineering Design Consultants and continue with site due diligence	Continue with site due diligence	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	No arising issues, progress on design and consultation progressing. Continue to work on engineering commission for re-tender		
	✓		Former St Machar Primary School	Paul Genoe	Implement	Appoint Engineering Design Consultants and continue with site due diligence	Continue with site due diligence	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Continuing to work on engineering commission for re-tender.		
	✓		Former Aberdeen Care Home	Paul Genoe	Implement	Appoint Engineering Design Consultants and continue with site due diligence	Continue with site due diligence	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Continuing to work on engineering commission for re-tender.		
	✓		Former Tillydrone Primary School	Paul Genoe	Implement	Public consultation event	Continue with site due diligence	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Asbestos removal is now complete. We are now processing demolition quotations for the former TYP building.		
	✓		East Woodcroft	Paul Genoe	Implement	Continue with site due diligence. Submit Proposal for Application Notice.	Continue with site due diligence.	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Planning in Principle was submitted on the 28th June. Second Community Consultation Event for East Woodcroft was held on the 15th June. Continuing with site due diligence.		
	✓		Former Summerhill Site	Paul Genoe	Implement	Continue with site due diligence	Continue with site due diligence	TBC	TBC	G	G	A	A	A	A	G	G	G	G	G	G	G	Meeting held with Planning, Roads and external design team and a completed Cost Plan has been received from QS Consultants. The Final Interpretive Report from Engineers on Summerhill has determined a piled foundation solution is necessary on the site, which may have an impact on cost. Alternatives are being looked at with the contractor. There is also a need for 'capping material', the team are looking at the possibility of reusing materials from the site.		
REGENERATION PROGRAMME																									
John Quinn																									
Middlefield																									
	✓		Regeneration Appraisal for the area	Maria Thies	Implement	Draft regeneration appraisal received	Consultation	Aug-15	Oct-15	G	G	G	G	G	G	G	G	G	G	G	G	G	Officers are working on the draft regeneration appraisal for the area. As part of this process further consultation with the community is taking place at the end of August. The final report for council is on track to be submitted in October.		
	✓		Delivery of Social Housing for rent through the HRA (Manor Walk)	Maria Thies	Plan	Report to FP&R	Tender process to begin	Sep-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	A report to FP&R on project progress was submitted to FP&R last cycle.. The tendering process can now begin.		
	✓		Former Smithfield Primary School	Maria Thies	Plan	ITT submitted	Tender returns	Oct-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	PQQ process was completed and the ITT was submitted. Tender returns are due in October.		
	✓	✓	Middlefield Community Project Relocation (Henry Rae CC)	Gail Woodcock	Plan	Complete Business Case.	Submit tender	Sep-15	TBC	A	G	A	G	A	G	G	G	G	G	G	G	G	The plans for the development are currently being considered by Planning. Work is ongoing to prepare the documents that will go out to tender in September. A series of meetings with stakeholders to determine the operational arrangements of key aspects of the building including catering kitchen, cleaning arrangements, shared reception etc is taking place. A stakeholder meeting to consider the internal detail of the physical design will take place at the end of September. The programme is currently on schedule.		
	✓		Triangle site analysis	Maria Thies	Implement	Appointed consultants to carry out the work	Complete analysis	TBC	TBC	G	G	A	A	A	G	G	G	G	G	G	G	G	Option appraisal for the site has been carried out and a number of potential options have been identified. These are being worked up further by officers. Negotiations are still on-going with the Scottish Government around the CPO process.		
	✓		Smithfield Court Refurbishment	Maria Thies	Implement	Complete refurbishment	Project close	Sep-15	TBC	G	G	A	G	A	G	G	G	G	G	G	G	G	All building works have been completed and keys have been handed out. There are still minor environmental works to be completed but these are being progressed.		
Tillydrone																									
	✓		Regeneration Appraisal for the area	Paula Martin	Implement	Draft regeneration appraisal received	Consultation	Aug-15	Oct-15	G	G	G	G	G	G	G	G	G	G	G	G	G	Officers are working on the draft regeneration appraisal for the area. As part of this process further consultation with the community is taking place at the end of August. The final report for council is on track to be submitted in October.		
	✓	✓	New Community Facility	Paula Martin	Plan	Scope out project and carry out consultation.	Committee report	Aug-15	TBC	G	G	G	G	A	A	G	G	G	G	G	G	G	A report has been submitted to the CHI committee in August to get approval of the site location for the new facility. We are currently working on the design of the facility. £3M is allocated in the capital plan and we are looking at investigating external funding opportunities. The budget remains at amber status until we are clear on the total cost of the project.		
Torry																									
			Sistema	Neil Bruce	Implement	Big Noise Concert	Further Big Noise sessions	on-going	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	Big Noise Torry was launched in June and got off to a great start with up to 40 children attending the summer school daily in the past month. A concert to mark the end of the first Big Noise Torry summer school was held in Torry Academy on Thursday 30th July and was attended by parents of the children involved and the wider community. The summer school was open to children due to enter P3 at Walker Road School and Tullos School in the Torry area at the start of the new school year in August 2015. From Tuesday 01 September the P3 pupils will be invited to attend Big Noise after-school sessions at Torry Academy. P1 and P2 children will also be taught by Big Noise Torry tutors from Monday 24 August. Sessions for nursery and baby sessions are also planned.		
	✓		Regeneration Appraisal for the area	Bill Watson	Implement	Draft regeneration appraisal received	Consultation	Aug-15	Oct-15	G	G	G	G	G	G	G	G	G	G	G	G	G	Officers are working on the draft regeneration appraisal for the area. As part of this process further consultation with the community is taking place at the end of August. The final report for council is on track to be submitted in October.		

Project ID		Project Name		Project Manager	Stage	Last Completed Milestone	Next Milestone	Milestone Target Date	Project End Date	Timeline		Risk		Budget		Resource		Scope		Benefits		Quality		Notes
SP	Capital									Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	
TRANSPORTATION PROGRAMME																								
Hugh Murdoch																								
✓		Third Don Crossing		Tom Rogers	Implement	Start on site	completion of project	Jan-16	Jan-16	A	A	A	A	G	G	G	G	G	G	G	G	G	G	Timeline is very tight to complete by January and the main contractor is running behind of schedule. A change control is being considered to put back delivery timeline.
✓		Dyce Drive Link Road / A96 Park & Choose		Tom Rogers	Implement	Start on site	continue with construction	on-going	Jul-16	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Currently the project is on track with the agreed timescale. Section A (north end of the link road) due for completion by the end this year.
✓		South College Street		Joanna Murray	Define			TBC	TBC	A	A	A	A	A	A	A	A	A	A	A	A	A	A	Interdependencies between this project and the City Centre Masterplan continue to be refined. A re-design may be required. This needs to be worked through between the Transport Team and the CCMP Team.
✓		Berryden Corridor		Tom Rogers	Plan	Start land searches as a prelude to CPO process	Carry out land search exercise as part of CPO process	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Work has started around identifying land ownership and then securing land for construction. The Transport Team are also currently progressing with the detailed design work. We are working on developing further the key milestones to include key steps to contract completion and road opening date.
✓		Access from the South		Joanna Murray	Plan	Technical Development	Complete Environmental Assessment and Economic Performance	Oct-15	Jun-16	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Work is on-going for the Environmental assessment. This was delayed due to queries regarding the traffic modelling outputs resulting in additional modelling work. This element is now due for completion in September 2015 with a consequent impact on the completion date. The programme has been reviewed and further budget may be required in 2016/17 to complete the study. The amount required will be confirmed over the next few months.
✓		Cross City Transport Connections		Joanna Murray	Plan	Appoint consultants to carry out feasibility study	Pre-appraisal and STAG part 1 study	Jul-16	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Inception meeting with the consultants has been held and draft inception report has been produced. Review and finalisation of the inception report along with a cost estimate is now taking place. The initiation of the STAG Appraisal study will follow.
✓		AWPR		John Wilson	Implement	Commence construction	Review financial model	May-15	Dec-17	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Financial close for the project was achieved in December 2014. Construction started in February 2015 with an anticipated construction completion in Winter 2017.
CITY DEVELOPMENT PROGRAMME																								
Andrew Win																								
✓		City Centre Regeneration		Louise MacSween	Plan	Approval of Masterplan by Council	Further report on delivery, governance and enabling works	Sep-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Masterplan and delivery programme was unanimously approved at Council in June. A report on the compilation and remit of the Reference Group was submitted to Council in August. Further reports on delivery and enabling works will be submitted to FP&R in September.
✓		Marischal Square		Stephen Booth	Implement	Site handover and start on site	Continue with construction and letting of premises	Ongoing	Jun-17	G	G	A	G	G	G	G	G	G	G	G	G	G	G	The contract for works on site has been let and works are progressing on site. The site hoardings will be relocated to the back of the kerbline shortly. Marketing of offices was launched on 3rd September. The hotel deal has been concluded.
✓		New AECC		Scott Ramsay	Plan	Submission of planning application	Approve masterplan	Oct-15	Jan-18	G	G	G	G	G	A	G	G	G	G	G	G	G	G	The masterplan consultation has now finished and it is now scheduled to report to Communities, Housing and Infrastructure Committee in October. Contracts are now planned to be signed in September.
✓	✓	Aberdeen Hydrogen Project		Amye Smith	Implement	Complete civil works and launch of refuelling station	Project close and benefits	Aug-15	Aug-15	G	G	A	G	G	G	G	G	G	G	A	G	A	G	Leases for all buses have been issued and accepted and the buses are in operation.
DIGITAL CONNECTIVITY PROGRAMME																								
Rita Stephen																								
Accelerate Aberdeen																								
✓	✓	In Building WiFi		Wendy Robertson	Implement	Commence works	Submit DCMS claims and continue with works	Apr-15	Complete	G	G	G	G	G	G	G	G	G	G	G	G	G	G	All sites are now live and working. Project close review will take place as per governance arrangements.
✓	✓	Wireless Concession		Wendy Robertson	Implement	Commence works	Approval of detailed network design	Sep-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Initial investigative works to identify suitable locations have been completed. Now working on the detailed network design.
✓	✓	Innovation Hub		Wendy Robertson	Implement	Opening of Innovation Hub	Project close review	Aug-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	All three Hubs are operational. Project close review will take place.
✓	✓	Voucher Scheme		Wendy Robertson	Implement	Implemented	Consider alternative projects	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	DCMS have formally extended the deadline for the Aberdeen Connection Voucher Scheme to March 2016. Accelerate Aberdeen are currently working up several new projects.

Project ID		Project Name		Project Manager	Stage	Last Completed Milestone	Next Milestone	Milestone Target Date	Project End Date	Timeline		Risk		Budget		Resource		Scope		Benefits		Quality		Notes
SIP	Capital									Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	Pr	Cu	
SCHOOL ESTATE PROGRAMME																								
Euan Couperwhite																								
	✓		New South of the City Academy	Euan Couperwhite	Plan	Stage 1 submission from the Hub	Review and approve Stage 1 Report	Sep-15	Dec-17	A	A	R	R	A	R	A	G	G	G	G	G	G	G	Stage 1 submission has been received. Work is on-going with Hub North and the contractor to mitigate any cost pressures.
	✓		Brimmond Primary School	Euan Couperwhite	Implement	Continuation of groundworks	Continue to be on target with work programme	every month	Oct-15	G	G	A	A	G	A	G	G	G	G	G	G	G	G	The building contractor has disposed of all contaminated ground. The final account has now been agreed and provision has been made in the budget to cover the costs.
	✓		Centre of Excellence (formally known as the ASN school)	Euan Couperwhite	Plan	Submission of Stage 2 Report	Report to ECS Committee	Sep-15	Aug-17	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Stage 2 report has been received and there will be a report to the Education and Childrens Services Committee in September to get approval to move to financial close. We are anticipating to start on site in October 2015.
	✓		New Milltimber Primary	Euan Couperwhite	Plan					G	G	G	G	G	G	G	G	G	G	G	G	G	G	The project is not due to start until 2018/19. We are currently looking to renegotiate the section 75 with the developer.
	✓		Greenbrae Primary Extension and Internal Works	Euan Couperwhite	Plan	Consultation completed	Issue tender	Sep-15	Aug-16	G	G	A	A	A	A	G	G	G	G	G	G	G	G	Design team will shortly be issuing tenders for the works. Although due diligence has been carried out on the budget provision, until tenders are received there is a risk that the anticipated cost could be higher due to market conditions.
	✓		Stoneywood Primary	Euan Couperwhite	Plan	Report to confirm outcome of consultation and site.	Complete design phase	TBC	Aug-17	G	G	G	G	G	G	G	G	G	G	G	G	G	G	The former Bankhead Academy site has been agreed as the location for the new primary. Consultation workshops continue to take place. Currently in the design phase of the project.
CULTURE AND SPORTS																								
Euan Couperwhite																								
	✓		Museum Collection Centre	Neil Bruce	Implement	Start on site	Continue with construction	on-going	Mar-16	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Good progress has been made with the erection of the steel frame and roofing is underway. Launch of naming competition with local schools and then the wider community will take place after the summer holidays.
	✓		Art Gallery Redevelopment	Neil Bruce	Implement	Awarded contract	Start on site	May-15	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	Contract has been awarded and contractor has started on site. Fundraising campaign has now begun.
	✓		Mither Kirk Redevelopment		Plan	Outline business case completed	Complete Business Plan	TBC	TBC	G	G	G	G	G	G	G	G	G	G	G	G	G	G	£20k funding to the Open Space Trust was approved at FP&R in February to progress with the completion of business plan and was paid at the end of March. The Open Space Trust have appointed a consultant to take forward the business case.
	✓		Arts Centre Redevelopment	Lesley Thomson	Define	Outline business case completed	Capital Plan process	Feb-15	TBC	G	G	R	A	R	R	G	G	G	G	G	G	G	G	An outline business case has been developed. This will be taken through the Council's Capital Planning and Stage Review Process. The risk to the project is not getting any capital budget to proceed. It was suggested in the business case that the project can wait until nearer the end of the 5 year capital plan.
	✓		Music Hall Refurbishment	Lesley Thomson	Plan	Planning application	Complete updated Business Case	Aug-15	TBC	A	G	A	A	G	A	G	G	G	G	G	G	G	G	The Fundraising Manager is now in post. An updated business case for the refurbishment was submitted for consideration to the SIP & Capital Review Group in August.

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COMMITTEE	Finance, Policy and Resources
DATE	15 th September 2015
ACTING DIRECTOR	Angela Scott
TITLE OF REPORT	Revised Use of Locating Systems in Vehicles and Devices Policy
REPORT NUMBER	CG/15/102
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report proposes the introduction of a revised Use of Locating Systems in Vehicles and Devices policy.

2. RECOMMENDATION(S)

The Committee is requested to:

- a) Approve the revised Use of Locating Systems in Vehicles and Devices policy, as attached, to replace the existing policy.
- b) Approve that the policy be changed from being a corporate policy to an employment policy located within the suite of HR and Customer Service policies.

3. FINANCIAL IMPLICATIONS

None.

4. OTHER IMPLICATIONS

The revised policy continues to adhere to the principles of good information handling within the Data Protection Act 1998 and the provisions of the Human Rights Act 1998.

5. BACKGROUND/MAIN ISSUES

The Use of Locating Systems in Vehicles and Devices Policy was originally approved at the Corporate Policy and Performance Committee on 27th January 2011 and was implemented thereafter, following a Collective Agreement between the Council and the trade

unions (July 2011). Therefore, as the policy has been in place for over 4 years it was due a review.

Locating systems, through the use of Global Positioning Systems (GPS) make it possible to identify the location of a vehicle, device (eg, handheld device, telephone or tablet) and in turn an individual, in real-time or retrospectively.

One of the main reasons for the review was that the technology around locating systems has developed over the past few years and more Council services are looking at using such systems. For example the use of 'real time' systems enables Services to look at the live data from the system and divert resources to complete a task or to respond to a customer in 'real time'.

Another reason for the review was that some of the existing technology within the Council such as mobile telephones or tablets, has the function of GPS that could be 'switched on' and that the policy required to take account of this.

Finally, another main reason for the review was to help ensure the maintenance of trust and to protect the interests of both employees and the Council. The revised policy provides clarity over when the information recorded from such systems will or may be used.

As part of the review the various Services in the Council making use of locating systems were contacted to elicit views on the content of the existing policy and what changes might be required going forward to ensure that it was 'fit for purpose' and reflected the current situation in the organisation. It was clear from this contact that the systems and information requirements across Services are different and that the policy should reflect this.

From the review the key changes made to the policy are as follows:

- i. The policy now sets out 6 core principles.
- ii. The provisions of the policy have been split into:
Informing employees – this section specifies the requirement on Services to ensure that all relevant employees are informed about the scope and usage of any locating system(s) and of the policy and its provisions.

What the information may be used for – this section makes it clear that the primary uses of information recorded by any form of locating system are:

- Employee **health and safety**, eg lone working.
- Managing **service performance**, eg monitoring utilisation and efficiency or measuring legislative compliance.

- In connection with any **complaints** received from the public.

This section now also specifies that there may be occasions where the Council requires to access specific information concerning a **performance or conduct issue in relation to an employee** (not minor) as part of a performance or conduct investigation. This new section will provide clarity to managers and employees on when such information may be accessed and assurance that locating systems will **not** be used to monitor the general whereabouts of employees.

- iii. The access, storage and retention of data and records sections have also been revised to ensure legal compliance. This section now also reflects that locating systems will differ across Services and as a result different access requirements and information needs will exist and it now specifies Service responsibilities. A proforma has also been created for Officers to complete in order to access data in relation to an issue or concern which falls within the provisions of the policy. The completed proforma requires authorisation from a 3rd Tier Officer or Head of Service or Director.
- iv. The opportunity has also been taken to make other necessary minor updates to terminology etc.

Finally, the current policy is a corporate policy. However, it is considered that it sits more appropriately under the HR and Customer Service suite of policies, as it is employment related, and it is therefore a recommendation of the report that it be moved.

6. IMPACT

An Equality and Human Rights Impact Assessment has been undertaken in respect of this proposal with no adverse equality impacts identified.

7. MANAGEMENT OF RISK

Due to locating systems and GPS identifying the location of a vehicle, device and in turn an individual, this policy has potential employee relations risks.

If the revised policy was not put in place reflecting the up-to-date uses of information from locating systems and current practice, managers might not be fully clear on what the data gleaned from a locating system can be used for. Any confusion around this could potentially result in an error being made and an employee relations difficulty arising.

The implementation of the revised policy will help to ensure consistent practice in relation to the use of locating systems making it fully clear who has access to the information and for what purpose, which should mitigate any risk to employee relations.

8. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

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Use of Locating Systems in Vehicles and Devices Policy

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1. Policy Statement

As a responsible employer the Council seeks to use the most up-to-date technology to deliver high quality services to customers whilst supporting and protecting employees in respect of their health and safety. More employees are working 'smarter' through the application of flexible working options and many Services are adopting a mobile approach to service delivery with employees visiting sites or clients using handheld devices to complete their work, without having to return to the office. The Council is committed to making best use of resources and improving the customer and staff experience.

The ongoing development of technology means that it is possible to identify the location of a vehicle, device and in turn an individual through the use of Global Positioning Systems (GPS) in real time or retrospectively. GPS units may be fitted to vehicles and devices such as radios and mobile devices (eg, handhelds, telephones, tablets).

Various Services in the Council use locating systems and it is anticipated that more Services in the Council may introduce other similar technology in the future or 'switch on' this capability in existing electronic devices.

This policy sets out the reasons the Council uses locating systems and when and how the data from those systems will or could be used. It aims to make this a transparent process in order to maintain trust and protect the interests of employees and the Council in the course of delivering services.

2. Scope

This policy applies to all employees and workers of the Council (including Agency Workers).

3. Core Principles

- The primary uses of any locating system used by the Council are for employee health and safety, to manage service performance and in connection with any complaints received.
- Locating systems will not be used for monitoring the general whereabouts of employees aside for operational purposes as outlined in this policy. Before checking the location of an employee(s), the Manager must have due cause within the reasons identified in this policy.

- Where a performance or conduct issue arises with an employee (i.e. not minor), a 3rd Tier Officer or above may give authority to access a locating system and use specific GPS data in respect of the particular issue.
- Services must ensure that all relevant employees are informed about the scope and usage of any locating systems.
- In the event of any major functional changes to an existing system or plans to use a new locating system, the trades unions and relevant employees will be consulted prior to it being introduced.
- The Council undertakes at all times to adhere to the principles of good information handling within the Data Protection Act 1998, and the provisions of the Human Rights Act 1998.

4. Policy Provisions

4.1 Informing Employees

Where a locating system is in operation, or is to be introduced, there is a requirement on Services to ensure that all relevant employees are informed about the scope and usage of the system(s). This includes whether key fobs or tachographs (these provide links between GPS data and the personal information of an employee) are included in the equipment or vehicle the employee may use. Employees shall be informed of the existence of this policy and its provisions in respect of how it applies to their role and of how to access it.

New employees will be informed of the above as part of the induction process.

4.2 What will the Information be used for?

The primary uses of information recorded by any form of locating system is in relation to the **health and safety** (eg Lone Workers or Out of Hours Workers) to help ensure a safe and healthy work environment for employees, in relation to **managing service performance** (eg monitoring utilisation and efficiency or measuring compliance with legislation requirements) and in **connection with any complaints from the public**.

In addition, there may be occasions where the Council requires to access specific information concerning the performance and/or conduct of an employee where a management concern has arisen. Although this is not one of the main uses of the information recorded by a locating system it may be used for such a purpose. Where a specific check(s) is to be carried out, employees shall be directly informed of this unless to do so would be likely to prejudice the prevention or detection of crime or the apprehension or prosecution of offenders.

The table below shows the purpose of the information recorded by a locating system and what this information will/could be used for.

<i>Purpose - Type of Information</i>	<i>How this information may be used</i>
Health and Safety ○ Lone working ○ Locating employees when other forms of communication are lost ○ Breakdowns ○ Vehicle or equipment theft ○ Risk assessments ○ Accidents/Incidents	Enables a service to track the location of a vehicle and/or employee(s) where they have become un-contactable during the course of their duties during working hours, which could involve using real time information. Some devices may also have the function of a 'panic button' that can be used for health and safety purposes. Enables the location of the vehicle to be tracked in the event of a Council vehicle or equipment being stolen.
Service Performance Management Information ○ Historic record of service performance ○ Vehicle usage and efficient routing ○ Target and divert resources to meet customer need ○ Operational constraints ○ Cost reduction ○ Carbon management planning ○ Vehicle usage /carbon footprint information.	Enables a service to review management information reports retrospectively or real time technical, financial and administrative data such as distances travelled, driving speeds, driving times, lost time (due to traffic) etc. This management information can be used to aid and improve service performance. Enables a service to manage and divert resources to meet customer needs and complete daily tasks, which could involve using real time information.
Resolving Complaints ○ Details/information relating to a complaint received	Enables a service to review factual information relating to a complaint from a service user/member of the public, to assist in the provision of a response to the individual and in the resolution of the particular issue.
Employee Information ○ As part of an investigation in relation to a specific performance and/or conduct issue.	Enables the Council to review factual information relating to an employee's location at a date(s) and/or time(s) (or an approximate timeframe). This would be in relation to a performance or conduct investigation.
Tax Requirement ○ Record of vehicle use	Enables a service to provide factual information to demonstrate that a vehicle has not been used for personal purposes in connection with personal tax liabilities.

4.3 Access to the Information

4.3.1 Service Management

Locating systems will differ across Services and as a result each Service will have different access requirements and information and reporting needs. Therefore, it is the responsibility of each Service to have local data management arrangements in place, including details of authorised users of the system in the particular Service. Some Services will access data on a 'real time' basis for health and safety purposes or in order to ensure that resources are effectively deployed on a daily basis. In addition, retrospective information may be used for monitoring and analytical purposes over a longer time period.

Where information is extracted from a system for the purpose of improving service delivery, it will be anonymised to ensure that there is no link to an employee in relation to specific records.

Where an issue or concern within the principles and provisions of this policy is raised and the system has the recorded data that relates to the issue or concern, access to the data will be via a written request (on the proforma detailed at Appendix 1) from the Officer seeking to access the data. This request must be submitted for authorisation by a 3rd Tier Officer or Head of Service or Director giving an explanation of the reasons the data is required which must be consistent with the principles and provisions of this policy. This authority will only be given in relation to information that pertains to the area of concern and the information request must be in relation to a date(s) and/or time(s) (or an approximate timeframe) and within the principles and provisions of this policy.

4.3.2 By an Investigating Officer

In the event of information being required from any locating system as part of an investigation concerning the performance or conduct of an employee, the Investigating Officer must have written authority from a 3rd Tier Officer or Head of Service or Director to access the requested information. This authority will only be given in relation to information that pertains to the investigation and the information request must be in relation to a date(s) and/or time(s) (or an approximate timeframe) and within the principles and provisions of this policy.

Each Service will retain records of the date upon which information was provided from a locating system in relation to an employee's performance or conduct and details of the person who accessed the system.

4.3.3 Subject Access Requests for Information

In accordance with the Corporate Data Protection Policy (available on the Zone or from Line Managers), and the Data Protection Act 1998, an employee can make a subject access request for the personal data which the Council holds about them.

4.3.4 Third Parties

Information obtained through any locating system, in relation to an employee, will not generally be released to a third party (this includes other employees, any freedom of information requests or requests from other public authorities), without the prior knowledge and consent of the employee concerned, except where such release is permitted or required by law.

4.4 Storage of Data and Records

In the event that information is extracted from a system and produced in an alternative format (e.g. paper, digital file) the records will be stored securely and will only be accessible to those with authority to access the data, in the particular Service.

4.5 Retention of Data and Records

Information obtained by any locating systems may be held on a readily accessible format for as long as is required (but will be reviewed after 6 months). Unless there is a legal or regulatory obligation, information is not normally retained for more than 6 months. Arrangements will be Service specific depending on local data requirements and how the locating system itself stores records.

Any records pertaining to an investigation will be stored in accordance with normal practices and the principles of the Data Protection Act 1998.

In the event that a record is, or seems likely to be, required in connection with court or legal proceedings, then approval should be sought from the Council's Data Controller to retain the records for an extended period of time as appropriate.

All records will be disposed of in accordance with the Council's Corporate Data Protection Policy and Procedure. Following an investigation, when the matter is concluded, all associated data will be destroyed and the employee concerned notified accordingly.

5. Review of the Policy

HR and Customer Service will review this policy every 3 years. However, it will be subject to continual review and amendment in light of experience of its operation. Changes will be made following the normal consultation arrangements with recognised trades unions.

Appendix 1

Request to Access Recorded Data from a Locating System or Device

Please ensure this request is within the principles and provisions of the Use of Locating Systems in Vehicles and Devices Policy.

This completed form should be submitted to a 3rd Tier Officer or Head of Service or Director for authorisation.

Name of Officer making request:

Service/Directorate:

Please provide details of the reasons of the request:

Please provide details of what specific information is requested including relevant date(s) and/or time(s) (or an approximate timeframe) and locating system or device:

Signed: Date:

Authorised? Yes/No	
If No, provide explanation:	

Signed: Date:

Job Title:

Equality and Human Right Impact Assessment: The Form



Aberdeen City Council

EHRIA

There are separate guidance notes to accompany this form – “Equality and Human Rights Impact Assessment – the Guide.” Please use these guidance notes as you complete this form. Throughout the form, **the word “proposal” refers to policy, strategy, plan, procedure, report or business case.** This then, embraces a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Please also refer to the “Completion Terminology” at the end of the form.

1:Equality and Human Rights Impact Assessment- Essential Information	
Name of Proposal: Revised Use of Locating Systems in Vehicles and Devices Policy	Date of Assessment: 30 th April 2015
Service: HR and Customer Service	Directorate: Corporate Governance
Committee Name or delegated power reference (Where appropriate): Finance, Policy and Resources	Date of Committee (Where appropriate): 15 th September 2015
Who does this proposal affect? Please Tick ▼	Employees ☐ Job Applicants ☐ Service Users ☐ Members of the Public ☐ Other (List below) ☐

2: Equality and Human Rights Impact Assessment- Pre-screening		
Is an impact assessment required?	Yes ☐ No ☐	
If No, what is the evidence to support this decision? (Once this section is completed, please complete section 8 of the form).		

3: Equality and Human Rights Impact Assessment	
a- What are the aims and intended effects of this proposal?	The proposal concerns the introduction of a revised Use of Locating Systems and Devices policy. The main aim of the policy review is to bring the policy up-to-date so that it reflects current practice in light of technological changes in relation to locating systems. In addition, as the policy is employment related, it is recommended that it moves from being Corporate policy to sit under HR and Customer Service suite of policy and guidance. The revised policy should provide clarity over the use of the information recorded by a locating system and how this will or could be used in the Council. This will be beneficial for employees and management who will use or be affected by the policy. The policy should provide a transparent process for the use of locating systems in order to maintain trust between employees and the Council.
b- What equality data is available in relation to this proposal? (Please see guidance notes)	Not applicable.

c- List the outcomes from any consultation that relate to equalities and/or human rights issues e.g. with employees, service users, Unions or members of the public that has taken place in relation to the proposal.	No comments relating to equalities or human rights were received during any of the consultation carried out with relevant Service Managers and Trades Unions.
d- Financial Assessment If applicable, state any relevant cost implications or savings expected from the proposal.	Costs (£) Implementation cost Projected Savings

e- How does this proposal contribute to the public sector equality duty: to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations?	It is considered that the proposal is not contrary to the public sector equality duty. The policy should provide managers and employees with clarity on the use of locating systems and when the information recorded from such systems will or may be used, thus reducing the possibility of any discrimination, harassment or victimisation occurring. The policy provides a transparent process on the use of locating systems and the data recorded by such systems which should help to maintain trust between employees and the Council and promote good employee relations.
f- How does this proposal link to the Council's Equality Outcomes?	One of the Council's employment related equality outcomes is to have an organisation culture that is free from unlawful discrimination. This policy should provide clarity over the use of locating systems and what the information recorded by such systems will or could be used for. In particular, that locating systems will not be used to directly monitor employees or monitor their general whereabouts. The policy should provide a transparent process in order to maintain trust between employees and the Council and therefore links and contributes to achieving this equality outcome.



4: Equality Impact Assessment - Test					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Age (People of all ages)	✓				
Disability (Mental, Physical, Sensory and Carers of Disabled people)	✓				
Gender Reassignment	✓				
Marital Status (Marriage and Civil Partnerships)	✓				
Pregnancy and Maternity	✓				

Equality Impact Assessment Test:					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Race (All Racial Groups including Gypsy/Travellers)	✓				
Religion or Belief or Non-belief	✓				
Sex (Women and men)	✓				
Sexual Orientation (Heterosexual, Lesbian, Gay And Bisexual)	✓				
Other (e.g: Poverty)	✓				

5: Human Rights Impact Assessment Test	
Does this proposal have the potential to impact on an individual's Human Rights? Evidence of impact and , if applicable, justification where the impact is proportionate	
Article 2 of protocol 1: Right to education	☐ Yes ☐ No ☒ Evidence:
Article 3: Right not to be subjected to torture, inhumane or degrading treatment or punishment	☐ Yes ☐ No ☒ Evidence:

Article 6: Right to a fair and public hearing	☐ Yes ☒ No Evidence:
Article 8: Right to respect for private and family life, home and correspondence	☐ Yes ☒ No Evidence:
Article 10: Freedom of expression	☐ Yes ☒ No Evidence:
Article 14: Right not to be subject to discrimination	☐ Yes ☒ No Evidence:

Other article not listed above, please state:		Yes ☐ No ☒ Evidence:
6: Assessment Rating:		
Please rate the overall equality and human right assessment (Please see Completion terminology)	☐ Red ☐ Red Amber ☐ Amber ☒ Green	
Reason for that rating:	The proposal does not appear to have any adverse equality impacts on people who share Protected Characteristics.	

7: Action Planning					
As a result of performing this assessment, what actions are proposed to remove or reduce any risks of adverse outcomes identified on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Identified Risk and to whom:	Recommended Actions:	Responsible Lead:	Completion Date:	Review Date:	
N/A	N/A				

8: Sign off	
Completed by (Names and Services) :	Alison Paterson, HR Adviser
Signed off by (Head of Service) :	
Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal document and/or committee report to: Equalities Team Customer Service and Performance Corporate Governance Aberdeen City Council Business Hub 13 Second Floor North Marischal College Broad Street Aberdeen AB10 1AB Telephone 01224 523039 Email sandrab@aberdeencity.gov.uk	

9: Completion Terminology:	
Assessment Pre-screening Rating:	This section will highlight where there is the obvious potential for a negative impact and subsequent risk of negative media coverage and reputational damage to the Council. Therefore, a full impact assessment is required, for example around sensitive issues such as marching, Gypsy/ Traveller issues, change to social care provision. It should also be completed to evidence why a full impact assessment was not required, example, there is no potential negative impact on people.
Assessment Rating:	After completing this document, rate the overall assessment as follows: Red: As a result of performing this assessment, it is evident that we will discriminate (direct, indirect, unintentional or otherwise) against one or more of the nine groups of people who share <i>Protected Characteristics</i>. It is essential that the use of the proposal be suspended until further work or assessment is performed and the discrimination is removed. Red Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists to one or more of the nine groups of people who share <i>Protected Characteristics</i>. However, a genuine determining reason may exist that could legitimise or justify the use of this proposal and further professional advice should be taken. Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists and this risk may be removed or reduced by implementing the actions detailed within the <i>Action Planning</i> section of this document. Green: As a result of performing this proposal does not appear to have any adverse impacts on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.

Equality Data:	Equality data is internal or external information that may indicate how the proposal being analysed can affect different groups of people who share the nine <i>Protected Characteristics</i> – referred to hereafter as ‘<i>Equality Groups</i>’. Examples of <i>Equality Data</i> include: (this list is not definitive) 1: Application success rates by <i>Equality Groups</i> 2: Complaints by <i>Equality Groups</i> 3: Service usage and withdrawal of services by <i>Equality Groups</i> 4: Grievances or decisions upheld and dismissed by <i>Equality Groups</i> Certain discrimination may be capable of being justified on the grounds that:
Genuine Determining Reason	(i) <i>A genuine determining reason exists</i> (ii) <i>The action is proportionate to the legitimate aims of the organisation</i> Where this is identified, it is recommended that professional and legal advice is sought prior to completing an Equality Impact Assessment.
Human Rights	The rights set out in the European Convention on Human Rights, as incorporated into the UK Law by the Human Rights Act 1998.
Legal Status:	This document is designed to assist us in “<i>Identifying and eliminating unlawful Discrimination, Harassment and Victimisation</i>” as required by <i>The Equality Act Public Sector Duty 2011</i>. An Equality Impact Assessment is not, in itself, legally binding and should not be used as a substitute for legal or other professional advice.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
INTERIM DIRECTOR	Angela Scott
TITLE OF REPORT	Policy and Strategic Response to Fraud, Bribery & Corruption
REPORT NUMBER	CG/15/113
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To request the committee approve a new approach to managing Fraud, Bribery and Corruption within the Council.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- i) Approve the Policy and Strategic Response to Fraud, Bribery & Corruption as appended to this report.
- ii) Agree to work towards adopting the National Fraud Authorities checklist as per Appendix A.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.
- 3.2 The adoption of this policy will enhance that currently in place and provide further protection against financial losses arising from fraud, bribery and corruption.

4. OTHER IMPLICATIONS

Services may need to revise the approach being taken to fraud, bribery and corruption and update their processes to ensure compliance with the revised policy.

5. BACKGROUND/MAIN ISSUES

- 5.1 Fraud has a serious impact on all parts of the economy and costs the UK around £52 billion per year. By its nature fraud is difficult to accurately quantify, therefore we have to rely on national indicators. The cost of fraud to the public sector equates to £20.6 billion of which £2.1 billion relates to local government. (*Source National Fraud Authority - Annual Fraud Indicator June 2013*).
- 5.2 The Council is self regulating in respect of its counter fraud activities. Where fraud has occurred against a service we need to stop the fraud as soon as possible and look at whether weak controls have been exploited. As a public body the Council can be seen as an easy target therefore we need to ensure we take robust action against offenders.
- 5.3 The Council's Strategy for the Prevention and Detection of Fraud and Corruption was introduced in 2005 and is no longer fit for purpose. Changes in legislation and new anti fraud strategies have made this policy outdated. In 2013 a review of the Council's fraud governance was undertaken which highlighted several areas which needed to be addressed. This policy addresses these issues.

5.4 Welfare Reform

- 5.4.1 In 2011 the Government proposed, as part of its welfare reform changes, the creation of a single integrated fraud investigation service (SFIS) under the Department of Work and Pensions with statutory powers to investigate all welfare benefits. The roll out of SFIS is ongoing across the UK and as of April 2015, Aberdeen City Council handed over all responsibility for the investigation of housing benefit fraud to SFIS.
- 5.4.2 Following discussions with Senior Finance Managers, Legal Services and HR, and taking into account the fraud governance audit, it was decided that the Council's dedicated benefit fraud investigation team would be retained beyond the roll out of SFIS and would take on a new remit as a corporate fraud investigation team. In doing so, an opportunity was presented for the Council to instigate a new programme of anti-fraud measures across all directorates.
- 5.5 The threat of fraud, corruption and bribery is real and we must be prepared to protect our services and assets. This policy will ensure that we have a consistent approach throughout the Council by setting out the following standards:

The Council:

Prohibits	the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement.
To or from	any person or company, wherever they are situated and whether they are a public official or body or private person or company.
By	any individual employee, agent or other associated person or body acting on the Council's behalf.
In order to	gain any commercial, contractual or regulatory advantage in a way which is unethical or secures any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

5.6 The policy applies to all Elected Members, employees, including temporary staff, contractors, suppliers, or secondees from other organisations, arms length external organisations and any organisation which receives funding or grants from the Council.

5.7 In summary, the Policy and Strategic Response to Fraud, Bribery and Corruption:

- Ensures that the Council has a zero tolerance approach to fraud bribery and corruption in any form
- Provides a clear reporting structure to allow suspicions or concerns to be raised through the appropriate line management channels
- Provides a facility whereby members of public can report concerns of actual or attempted fraud, bribery and corruption
- Puts in place a system whereby allegations of fraud, bribery and corruption result in a prompt and thorough investigation either by internal investigation or referral to Police Scotland and/or the Public Standards Commissioner.
- Details the role that the Council's Corporate Fraud Investigation Team now plays in supporting all areas of the Council in the prevention, detection and investigation of fraud, bribery and corruption.
- Makes provision for staff training at all levels of service including all new staff members
- Outlines methods by which services can proactively assist in the detection of fraud, bribery and corruption within their own service
- Outlines the role that Heads of Service in ensuring that appropriate risk management arrangements are in place to prevent and detect fraud, bribery and corruption
- Underlines the importance of the Council's participation in the National Fraud Initiative led by Audit Scotland.

- Allows the Council to share data with other agencies, in accordance with the Corporate Data Protection Act Policy, in order to assist partner agencies and/or organisations in the prevention, detection and investigation of fraud, bribery and corruption
- Outlines the vital role that prevention plays in ensuring that opportunities for fraud, bribery and corruption are minimised

5.8 A Joined Up Approach

5.8.1 In June 2015 the Scottish Government produced a paper “Protecting Public Resources in Scotland – The strategic approach to fighting fraud and error”. This paper endorses the need for a multi agency approach across public sector agencies and set out five key objectives; Awareness, Prevention, Teamwork, Investigation and Enforcement.

5.8.2 Educating employees about the seriousness of fraud issues is key in creating an anti-fraud culture and it is against this background that the committee is requested to support the following initiatives:

1. The creation of a fraud awareness OIL module and making it a mandatory course for new employees.
2. The creation of a dedicated area on the Zone highlighting the different types of fraud, latest scams, what measures the Council has in place to address fraud etc.
3. To endorse the need for anti-fraud proactive work.
4. For corporate fraud investigation staff to meet with Heads of Services/Senior Managers to identify high risk areas of fraud and to work with the service to reduce the risk.
5. To recognise the importance of working with other Local Authorities and public sector agencies to demonstrate the Council’s commitment to working towards the five anti-fraud strategic objectives of the Scottish Government’s.

5.9 Governance Checklist

One of the tools to measure local authorities present counter-fraud arrangements is the completion of a self-assessment checklist. This checklist highlights the standards expected of organisations to ensure they have robust controls in place to deal with the threat of fraud. It is proposed that we continue work towards full implementation of the working practices. The checklist and current self assessment can be seen in Appendix A.

6. IMPACT

Having this policy in place demonstrates the Council's commitment to ensuring proper stewardship of the public funds with which it is entrusted and is likely to be of interest to the public.

7. MANAGEMENT OF RISK

The implementation of this policy and adoption of the self assessment checklist will further enhance the council's ability to mitigate against the risk of financial or other losses arising from fraud, bribery or corruption.

8. BACKGROUND PAPERS

Fraud Governance Audit Report (September 2013)

9. REPORT AUTHOR DETAILS

Brian Muldoon,
Corporate Fraud Investigation Manager,
bmuldoon@aberdeencity.gov.uk
01224 522585

Appendix A

National Fraud Authority Self-Assessment Checklist

	Description	Yes	No	N/A	Comments
1	The Council has made a proper assessment of its fraud and corruption risks and has an action plan to deal with them and regularly reports this to its senior board and its members.	X			The Council has a proposed policy to manage this
2	The Council has undertaken an assessment against the risks in <i>Protecting the Public Purse</i> and has also undertaken horizon scanning of future potential fraud risks		X		Risk Assessment Team produce an annual report. This does not, at present, assess fraud risk.
3	There is an annual report to the Audit Committee or equivalent providing a detailed assessment against the Local Government Strategy <i>Fighting Fraud Locally</i> .		X		This will change if agreement is reached on proposed policy.
4	There is a counter fraud and corruption strategy applying to all aspects of the council's business which has been communicated throughout the council and this has been acknowledged by those charged with governance	X			The proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy addresses this need.
5	The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy; Financial regulations; Internal & External Audit

6	The risk of fraud and corruption is specifically considered in the council's overall risk management process		X		Will be included in the strategic risk register currently in development
7	Counter Fraud staff are consulted to "fraud proof" new policies, strategies and initiatives across Departments and this is reported upon to Committee		X		
8	The Council has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring this is effective and this is reported to Committee	X			A risk register is kept by Head of Legal
9	The council has put in place arrangements for monitoring compliance with standards of conduct across the council covering: •codes of conduct including behaviour for counter fraud, anti-bribery and corruption • register of interests •register of gifts and hospitality	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy Register of gifts and hospitality is held by services
10	The Council undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking checks to prevent potentially dishonest employees from being appointed.		X		
11	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to Committee.	X			Council has various policies on this

12	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts		X		
13	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	X			This will be done on a case by case basis
14	There is an independent Whistleblowing Policy which is monitored for take up and it can be show that suspicions have been acted upon without internal pressure.	X			
15	Contractors and third parties sign up to the Whistleblowing Policy and there is evidence of this. There is no evidence of discrimination for those who whistle blow.				Not known at this time
16	Fraud resources are assessed and adequately resourced	X			
17	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's business and includes activities undertaken by Contractors and third parties or voluntary sector activities.		X		Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy
18	Statistics are kept and reported by the Fraud team which cover all areas of activity and outcomes.		X		The fraud team keep statistics relating to all incoming referrals, case work and case outcomes
19	Fraud Officers have unfettered access to premises and documents for the purposes of counter fraud investigation		X		Work is in progress to address this

20	There is a programme to publicise fraud cases internally and externally which is positive and endorsed by the Council's Communication Team.	X			This will be done on a case by case basis
21	All allegations of fraud and corruption are risk assessed	X			
22	The fraud response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy
23	The fraud response plan is linked to the Audit Plan and is communicated to senior management and members.		X		
24	Asset recovery and civil recovery is considered in all cases	X			This will be done on a case by case basis
25	There is a zero tolerance approach to fraud and corruption that this is reported to Committee.	X			
26	There is a programme of proactive counter fraud work which covers risks identified in assessment	X			
27	The Fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity	X			
28	The Council shares data across its own departments and between other enforcement agencies	X			
29	Prevention measures and projects are undertaken using data analytics where possible		X		Additional IT equipment is required
30	The Council takes actively takes part in the NFI and promptly takes action.	X	X		We do take part in the NFI, however, matches are not always actioned timeously.

31	There are professionally trained staff for counter fraud work by professionally accredited trainers. If Auditors undertake counter fraud work they must be trained in this area.	X			Counter fraud staff are all PinS qualified
32	The counter fraud team has adequate knowledge in all areas of the Council or is trained in these areas	X			
33	The Counter Fraud Team has <i>access(via partnership /other Las/or funds to buy in)</i> to specialist staff for: ▪ Surveillance ▪ Computer forensics ▪ Asset recovery ▪ Financial Investigations	X X	X X		
34	Weaknesses revealed by instances of proven fraud and corruption are looked at and fed back to Departments to “fraud proof” systems.	X			



Policy and Strategic Response to Fraud, Bribery & Corruption

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Policy and Strategic Response to Fraud, Bribery & Corruption

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A STRATEGIC APPROACH

“Every pound lost through fraud cannot be spent on providing services”

(Audit Commission – Protecting the Public Purse 2013)

As with all public authorities we are facing an unprecedented challenge to the way in which we deliver our services. We have already demonstrated that we are ready to face these challenges by introducing new corporate practices and changing the way we operate. We will continue with our innovative development in all service areas to ensure we deliver value for money and to protect the public purse from criminality. Being innovative also means we have to work with our partner agencies and engage with the citizens of Aberdeen.

Rules and procedures are designed to prevent unethical behaviour and to protect individuals against accusations of wrongdoing. It is when these rules and procedures are broken that a determination has to be made whether it was done deliberately or by misinterpreting procedures.

To allow us to focus on our service delivery and invest in our infrastructure we must ensure that our internal governance is strong and above reproach. The Council already has policies in place to manage, for example, employee conduct and how our ICT systems are administered but until now we have not produced an ‘umbrella’ policy covering fraud, corruption and bribery. Rather than being about whether something is right or wrong, it becomes a calculation about the likelihood of getting caught against the value of what can be gained by undertaking the act in the first place. This policy brings all these issues together allowing staff, management, elected members and the public to be better informed of our intentions.

In an ideal world we should be able to trust everyone we deal with, however, the threat of fraud, corruption and bribery is real and we must be prepared to protect our services and assets. This policy will ensure that we have a consistent approach throughout the Council.

The Council

Prohibits	the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement.
To or from	any person or company, wherever they are situated and whether they are a public official or body or private person or company.
By	any individual employee, agent or other associated person or body acting on the Council’s behalf.
In order to	gain any commercial, contractual or regulatory advantage in a way which is unethical or secures any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

1 DEFINITIONS

Fraud

The Accounts Commission for Scotland describes fraud as the use of deception with the intention of obtaining private gain, avoiding an obligation or causing loss to another party. Fraud can be used to describe a wide variety of dishonest behaviour such as forgery, false representation and the concealment of material facts. The fraudulent use of Information & Communication technology (ICT) resources is included in this definition, where its use is a material factor in carrying out a fraud

Examples of fraud include, but are not exclusive to:

- **Distorting or concealing both financial and non- financial information;**
- **Knowingly and intentionally obtaining or attempting to obtain benefits to which there is no entitlement through;**
- **Falsification or alteration of accounting records or other documents;**
- **Misappropriation of assets or theft;**
- **Suppression or omission of the effects of transactions from records or documents;**
- **Recording transactions which have no substance eg, time recording records that do not reflect actual hours worked.**
- **Wilful misrepresentations of transactions or of the Council's state of affairs which may involve the misuse of funds or other resources, or the supply of false information.**

Bribery

A bribe, as defined in the Bribery 2010 Act, is a financial or other type of advantage that is offered or requested with the intention of inducing or rewarding improper performance of a function or activity. Acts of bribery are designed to influence an individual in the performance of their duty and incline them to act dishonestly.

Examples of bribery include, but are not exclusive to:

- **A direct or indirect promise;**
- **Offering or authorisation of anything of value;**
- **The offering or receipt of a payment including a loan or fee or reward or any other advantage;**
- **The offer of aid or a donation.**

In accordance with the Bribery Act 2010, the Council will conduct its activities honestly and will apply high ethical standards without the use of acts of bribery. The Bribery Act makes it illegal to offer or receive bribes and to fail to prevent bribery. The Act makes provision for both individual and organisational responsibility for bribery and creates offences that carry prison terms of up to 10 years and unlimited fines.

Corruption

Corruption is the unlawful offering, giving, soliciting or acceptance of an inducement or reward which could influence the actions taken by the Council, its Elected Members or its employees. This also applies to business partners where a relationship is in place for them to undertake duties on behalf of the Council. Corruption can also include bribery and is not entirely removed from fraud either as offences may overlap between them.

Examples of Corruption include, but are not exclusive to:

- **Disclosure of information;**
- **Using a position of authority inappropriately;**
- **Altering contracts or official forms;**
- **Misuse of IT systems;**
- **Falsifying records;**
- **Making purchases of goods or services which are unnecessary or excessive.**

The law associated with Bribery & Corruption is complex and as such this policy cannot provide a full and authoritative account of the relevant legislation. Any enforcement action being undertaken must take recognition of current legislation and associated case law.

Monitoring Officer

The Council's Monitoring Officer is the Head of Legal & Democratic Services who will have responsibility for overseeing the organisation's compliance with the provisions of this policy.

2 COUNCIL VALUES

- 2.1 Council employees are expected to be above reproach in all areas of work. The council has a series of policies which are linked to employee's conditions of employment which can be found in the HR pages within the zone. Staff who do not have access to the Zone should ask their line manager for a copy. It is the responsibility of employees to ensure that they are aware of the content of these policies. The employee code of conduct can be accessed by using the following URL: <http://thezone/nmsruntime/saveasdialog.asp?IID=21814&sID=8142>
- 2.2 The Council has a zero tolerance stance on fraud, bribery and corruption in any form.
- 2.3 The following would be regarded as unacceptable behaviour by employees, elected members, workers, agents and any associated persons performing services on behalf of the Council and must not occur:-
- Accepting or requesting a bribe, whether financial or other reward, from any person or organisation in return for providing some favour.
 - Offering a bribe, whether financial or other reward, to any person or organisation in return for providing some favour.
 - The making or accepting of any facilitation payments, which are unofficial payments made to government officials (including Council officials) for carrying out or speeding up routine procedures.
 - Dishonesty, theft, fraud or the deliberate falsification of records and / or benefit / or other claims administered by the Council.
- 2.4 The Council requires all individuals and organisations with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud, bribery and corruption.
- 2.5 In aiming to deliver a modern, effective, efficient and accessible range of services to the people of Aberdeen it is important that we provide a facility for members of the public to report any concerns they have relating to actual or attempted fraud, bribery and corruption.
- 2.6 As part of the Council's responsibilities to protect public funds, the Council is required to investigate allegations of activities of fraud, bribery and corruption.
- 2.7 The Council will share data, in accordance with the Corporate Data Protection Act Policy, with other agencies in matters relating to fraud, bribery and corruption. Further information is available on the zone <http://thezone/nmsruntime/saveasdialog.asp?IID=23668&sID=7315>

- 2.8 The Council participates in the National Fraud Initiative (NFI) which is a counter-fraud exercise led by Audit Scotland. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Corporate Fraud Team Manager is responsible for the administration and ensuring that reports are made to Audit & Risk committee.
- 2.9 Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls in place to ensure the proper administration of their financial affairs.
- 2.10 For the avoidance of doubt this policy applies to all Elected Members, employees, including temporary staff, contractors, suppliers, or secondees from other organisations, arms length external organisations and any organisation which receives funding or grants from the Council.
- 2.11 The Council has a local code of practice in relation to its governance arrangements for funding external organisations. This code can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>

3 REPORTING AND CONTROL ENVIRONMENT

- 3.1 The Council has a zero tolerance approach to any attempts at bribery, fraud and corruption by, or of, its employees, elected members, or anyone performing services on behalf of the Council. All employees have a duty to report fraud, bribery and corruption in any form.
- 3.2 Council employees, elected members, workers, agents and associated persons performing services on behalf of the Council are required to assist and to remain vigilant in preventing, detecting and reporting acts of fraud, bribery and corruption.
- 3.3 In the case of employees and workers, they are expected to report any concerns of actual or suspected incidents to their line manager as soon as possible. Associated persons would report any concerns to an appropriate Council senior manager (in the case of elected members, this should be the monitoring officer).
- 3.4 Any person making a report of actual or suspected bribery in good faith will be given appropriate support and a prompt and thorough investigation would be carried out into the matter. An alternative route for employees and workers to report an act of bribery, fraud or corruption is through the use of the Whistleblowing policy to the Monitoring Officer. This policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&sID=8142> or via your line manager.
- 3.5 Heads of Service are responsible for ensuring that risk management arrangements are in place in their service area to prevent, detect and prohibit fraud, bribery and corruption. Risk assessments will be undertaken for each of the Council's key business activities with individuals identified who may be at most risk of being exposed to bribery. This includes those involved in high value projects, purchasing products and services, making recommendations to committees and in overseas activities etc
- 3.6 Heads of Service are responsible for communicating this policy to employees and across the workforce and also to associated persons undertaking work on behalf of the Council. Training will be provided to appropriate employees who have been identified through risk assessment as being at potential risk of exposure to bribery, through an On-line Interactive Learning (OIL) course. The Corporate Governance service will arrange for the appropriate communication of the policy to elected members.

4 FRAUD, BRIBERY & CORRUPTION RESPONSE PLAN

- 4.1 In creating a fraud, bribery and corruption policy the Council must also create a response plan. This will ensure that actions are taken quickly in order to prevent further losses and help to maximise recovery of any losses sustained.
- 4.2 In the event of any act of fraud, bribery or corruption activity being suspected, an investigation would be carried out to establish the facts. In respect of employees, the investigation will be undertaken in accordance with the Managing Discipline/Employee Investigation procedure. If allegations of fraud, bribery or corruption are brought against an employee and are upheld this would most likely result in a finding of gross misconduct and immediate dismissal. Where an allegation is made about an elected member, the matter should be referred to Police Scotland and/or the Public Standards Commissioner.
- 4.3 The Council may terminate the contract of any associated person or organisation, including consultants, who act on behalf of or perform services for the Council, who are found to have breached this policy.
- 4.4 The Council will
- Instigate legal action against individuals or companies or organisations where evidence of fraud, bribery or corruption is established.
 - Review any working arrangements / contracts that are in place with any external organisations or persons, who act on the council's behalf.
 - Report matters to Police Scotland or other agencies as appropriate and co-operate fully in any investigation.
 - Identify lessons that can be used for future prevention programmes
 - Actively pursue the perpetrator(s) for recovery of any losses, including taking legal action. In criminal cases the Council will make full use of the Proceeds of Crime legislation.
 - Continually assess our exposure to fraud risks to effectively target resources where they will produce most benefit.
 - Provide an annual summary to the Audit and Risk committee of all allegations of fraud, bribery and corruption at the appropriate time, relative to the investigatory and reporting processes.

5 PREVENTION

- 5.1 In writing new policy's and procedures council staff must take into account and build suitable safeguards to minimise the risk of fraud, bribery and corruption. It is important that report authors provide assurances that perceived weaknesses have been analysed and appropriate measures put in place to minimise the risk.
- 5.2 There must be an effective process to monitor the efficiency of new policies. Ineffective monitoring can lead to complacency which in turn leads to opportunities for abuse. It is the responsibility of line managers to play their part in ensuring that policies are adhered to and maintain systems of internal control.
- 5.3 It is important that when designing policies that they are clear and that they can be understood by end users.
- 5.4 Where a Council employee is offered a gift or hospitality they must ensure that the correct procedure is followed. Advice on this can be obtained from your line manager or in the Council's Financial Regulations (<http://councilcommittees/documents/s41205/Finanical%20Regulations.pdf>). All employees, elected members and workers should familiarise themselves with the rules on gifts and hospitality and strictly adhere to these rules and procedure. Elected members are responsible for registering gifts and hospitality which they receive under the Code of Conduct for Councillors.
- 5.5 Council employees must declare any possible conflict of interest which they have, whether in contracts entered into by the Council or otherwise and these must be noted in a register maintained for that purpose. Employees shall at all times be required to comply with the provisions of Section 68 of the Local Government (Scotland) Act 1973 e.g. running a private sector business in competition with the Council.
- 5.6 Organisations where public funding has been provided in any form will be subject to review. This is to confirm that the recipient body is achieving lawful policy objectives and not circumventing statutory controls; that there is reasonable certainty that the assistance provided is used to carry out the objectives intended; that public money is not at undue risk and that the internal controls are operating to an acceptable standard. The council has published a local code of practice relating to providing funding to external bodies. The policy can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>
- 5.7 Internal and External Auditors have an important role to play in the prevention of fraud, bribery and corruption and staff must ensure that they provide auditors with all relevant assistance.
- 5.8 All new employees with a permanent or fixed term contract of 6 months or more are required to attend a corporate induction session which explains the expected behaviour of staff.

- 5.9 Upon commencement of employment line managers are issued with an induction checklist which includes ensuring new staff are aware of corporate policies including Anti-Bribery. The Council also has various e-learning courses and line managers are responsible for ensuring the mandatory courses are completed. This should form a clear requirement in relation to the employee's Performance, Review and Development (PR&D) objectives with suitable deadlines set for completion.
- 5.10 Council employees are not permitted to accept employment outwith the Council without an application being made, in the first instance, to their line manager for assessment. The HR section of the Zone gives procedural guidance and can be accessed with the following link:
<http://thezone/nmsruntime/saveasdialog.asp?IID=23784&SID=8142>

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6 DETECTION

- 6.1 One of the most effective tools to deter people from committing acts of fraud, bribery and corruption is to ensure that the Council has effective prevention and detection procedures.
- 6.2 Acts of abuse may be detected in a number of different ways such as staff who have carried out checks or who have become suspicious.
- 6.3 Other potential indicators of internal fraud may include, but are not limited to
- Lifestyle does not match with income;
 - Refusal or reluctance to apply for promotion;
 - Resists new procedures which involve internal controls;
 - Service users are told that they can only ever speak to one named member of staff;
 - Reluctant to take leave.
- 6.4 Data matching, such as the National Fraud Initiative, is an effective method to detect irregularities. The Council participates in this Initiative and regularly provides information for data matching purposes with the data of other public bodies. Services are also encouraged to undertake proactive data matching exercises. Periodically testing for anomalies can highlight irregular transactions before other methods such as a routine audit. As well as acting as a deterrent, it also allows frauds to be stopped sooner.
- 6.5 Once an irregularity has been identified the matter should be brought, in the first instance, to the attention of the member of staff's line manager.
- 6.6 Line managers should report the matter, if appropriate to their manager, and seek guidance from the service's HR business partner. If this is not known a request can be made to the HR service centre.
- 6.7 If an allegation relates to a member of staff's line manager, then the matter should be escalated to the next most senior person who is not involved. If the matter is considered particularly serious then consideration should be given to using the whistleblowing procedure. Further details can be found on the Zone at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&sID=8142>
- 6.8 Regardless of the reporting method the Council will ensure that the information received will be treated confidentially.
- 6.9 All employees are required to report any circumstances which may suggest an irregularity affecting the finances, property, services or policy of the Council.
- 6.10 Internal and External audit can assist services in detecting irregularities.

7 INVESTIGATION

- 7.1 Aberdeen City Council will take immediate and robust action in accordance with the Managing Discipline/Employee Investigation policy against any staff who are suspected of breaching any part of this policy.
- 7.2 Investigations fall into two categories; Civil and Criminal with each having its own definition of guilt. Each allegation will be assessed on its own merits and the most appropriate person will be allocated to investigate. Investigations can be time consuming and complex therefore it is important that investigators are given support and that consideration be given to re-allocating their own work where appropriate.
- 7.3 The nature of the allegation will often dictate who is responsible for the investigation. Where a member of staff has been implicated it will be up to the individual service to determine, in line with the Managing Discipline/Employee Investigation Policy, what initial action will be taken. The policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21772&sID=8502>
- 7.4 Investigation officer's must ensure that the Head of Finance and the Monitoring Officer has been notified upon commencement and completion of an investigation which involves fraud, bribery or corruption.
- 7.5 It should be borne in mind that whilst making enquiries investigators may uncover additional evidence which may in turn implicate other staff.
- 7.6 In the event that an investigation uncovers evidence which suggests that there has been a breach of criminal law, the investigation officer will discuss the findings with a representative from HR and a senior manager from the service involved. The final decision on whether the case is pursued criminally will rest with the service.
- 7.7 Where it has been established that employees who have been in receipt of state benefit, have failed to adhere to the terms of receiving the benefit i.e where an overpayment has occurred, shall be subject to Council disciplinary action.
- 7.8 Any allegations relating to the conduct of Elected Members will be referred to the Public Standards Commissioner or Police Scotland.
- 7.9 The Council's Corporate Fraud Investigation Team are responsible for managing and investigating a wide range of abuses against Council Services Eg, Blue Badge Fraud, Housing Tenancy Fraud, Non Domestic Rate Fraud etc. Details of how to make a referral or contact the team are available on the Zone.
- 7.10 The Corporate Fraud Investigation Team will also undertake employee investigation as per the Managing Discipline/Employee Investigation Guide. The team will also undertake intelligence led proactive investigations relating to staff matters. These could include but are not limited to, for example, data matching single person discount council tax records with staff addresses.
- 7.11 All allegations relating to benefit fraud should be made to www.gov.uk/benefit-fraud

- 7.11 Where information has been received via the whistleblowing procedure it will be up to the Monitoring Officer to decide who will be responsible for the investigation.

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POLICY ADMINISTRATION

Person responsible for policy: Steven Whyte (Head of Finance)

Enquiries regarding policy: Jonathan Belford (Depute Head of Finance)

Brian Muldoon (Corporate Fraud Investigation Manager)

Policy implementation date:

Latest version: 5_2

Updates: This policy will be reviewed every two years or where there has been a change in legislation relating to fraud, bribery or corruption.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
INTERIM DIRECTOR	Angela Scott
TITLE OF REPORT	Funding External Bodies & Following the Public Pound – Local Code of Practice Update
REPORT NUMBER	CG/15/112
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to seek committee approval of the amended and updated Following the Public Pound (FPP) Local Code of Practice (the Code).

2. RECOMMENDATION(S)

It is recommended that the Committee:

- i) Approve the updated FPP Local Code of Practice as appended to this report

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.
- 3.2 By “Following the Public Pound” the council demonstrates that there is proper accountability for public funds used in delivering services, irrespective of the means of service delivery.
- 3.3 The concept of FPP applies when the Council agrees to fund external organisations to deliver specified services. Such funding is a significant element of council business and as such millions of pounds are paid to external organisations each year.
- 3.4 It is therefore important that appropriate and suitable means of approval of funding, following the principles of FPP, is maintained in order to ensure Best Value.

4. OTHER IMPLICATIONS

- 4.1 Governance of public funds does not end when the payment is made, it continues at a number of levels, including risks that may damage the Council's reputation, that statutory obligations are not met and that public funds are misused wasted or lost.
- 4.2 Therefore, the Code also considers the level of assurance required on the ability of organisations awarded funding to deliver the services required, reflecting the risks that exist. The Code follows the principle that different levels of scrutiny are required depending on the level of risk posed by each, the control exercised over the organisation by the Council and/or the level of funding given to each organisation. This approach is proportionate and will minimise the risks posed by organisations to the council's reputation, finances and statutory obligations and also ensure that the requirements on small organisations are not too onerous.
- 4.3 Services may need to revise the approach being taken to approval and recording of grant funding and update their monitoring processes to ensure compliance with the revised policy.

5. BACKGROUND/MAIN ISSUES

- 5.1 The FPP guidance was last updated in 2011. Since then, there has been increased focus on the work of our Arm's Length External Organisations (ALEOs) and the scrutiny arrangements in place to monitor their use of public funds.
- 5.2 The internal audit report entitled 'ALEO Tier 2 review', considered at the Audit, Risk and Scrutiny Committee on 26 February 2015, emphasised the need for the Council to review and update its FPP guidance to ensure that it is capable of directing proportionate governance across the Council's ALEO portfolio and that it is capable of operating in practice.
- 5.3 Currently, determination of the extent of checks required is based purely on funding levels. Therefore, it was considered necessary to modify the tiers to ensure that they also considered the full risk profile of the organisation in question.
- 5.4 The main changes to the guidance document are as follows:
- Addition of risk and control considerations in the determination of the tier to be applied to the organisation (section 1.11)
 - Funding bandings have now been increased to reflect the same levels as the ALEO tiers (section 1.11)
 - Clarifying procedures to be followed where funding is less than £15,000 (section 1.12)

- Clarifying how the council will manage risks posed through the delivery of services by external bodies (sections 1.15-1.16)
- Addition of information regarding Governance Hubs (sections 9.2-9.3)
- The FPP register is to be held on Covalent instead of an excel spreadsheet. Appendix C has been updated to reflect the headings required for this system

In addition, there have been a number of minor amendments to the procedures.

6. IMPACT

- 6.1 Having a FPP Code in place demonstrates the Council's proper stewardship and accountability of the public funds with which it is entrusted.
- 6.2 This report is likely to be of interest to the public as it demonstrates the use of public funds.

7. MANAGEMENT OF RISK

The FPP Code enhances the councils reputation for accountability in the use of public funds and aids in mitigating the risks posed in providing funding to external organisations.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

LOCAL CODE OF PRACTICE

FUNDING EXTERNAL BODIES AND ‘FOLLOWING THE PUBLIC POUND’



Issued by: Steven Whyte
Head of Finance

Approved by:
Next Review Date:

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**LOCAL CODE OF PRACTICE FOR FUNDING EXTERNAL BODIES AND
'FOLLOWING THE PUBLIC POUND'**

1. Scope and Background

- 1.1 'Following the Public Pound' means ensuring that there is proper accountability for public funds used in delivering services, irrespective of the means of service delivery.
- 1.2 When agreeing to transfer funds to an external body the Council must be clear about its reasons for doing so and proper consideration should always apply. The prime purpose of involvement with an external body should be the achievement of the Council's objectives in the most effective, efficient and economic manner, not the avoidance of controls or legal restrictions, which are designed to secure probity and regularity in the use of public funds.
- 1.3 It is the responsibility of each Director to ensure there is clear public accountability for public funds that are provided from their Service budgets to external bodies. An individual should be identified as Lead Officer for each body in receipt of funding from the Council.
- 1.4 The concept of 'Following the Public Pound' applies when the Council decides to fund external organisations which deliver services that might otherwise be delivered by the Council itself. In these arrangements, the Council agrees to provide funds and other resources to companies and organisations for the delivery of specified services. The Council has a number of such arrangements, and these companies / charities are collectively defined as being Arms Length External Organisations (ALEO's).
- 1.5 This Code covers all external bodies who receive a grant or financial support from the Council. It does not include payments made under a straightforward contract for goods and services. The glossary¹ provides helpful definitions in relation to what, for example, constitutes an external body and funding.
- 1.6 Governance of public funds does not end when the payment is made, it continues at a number of levels, including risks that may damage the Council's reputation, that statutory obligations are not met and that public funds are misused wasted or lost. The level of assurance that is therefore required about the organisations' ability to deliver the services the Council has funded must reflect the risks that exist. This Code follows the principle that different levels of scrutiny are required depending on the level of risk posed by each, the control exercised over the organisation by the Council and/or the level of funding given to each organisation. This approach is proportionate and will minimise the risks posed by organisations to our reputation, finances and statutory obligations and also ensure that the requirements on small organisations are not too onerous.

¹ For details refer to Section 14

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- 1.7 The risk assessment procedures² will be based on the level of control the Council holds over the organisation, the funding band, and the organisation's performance arrangements.
- 1.8 The Council may provide assistance in kind to external bodies. The true cost of assistance in kind, net of contributions by the external body, will be taken into account in the allocation of funding. In determining the true cost of assistance in kind, note will be taken of the Council's policy of charging for Council services on a full cost recovery basis subject to policy exemptions and in line with statutory requirements.
- 1.9 Potential conflicts of interest that arise when Councillors or officers sit on the boards or committees of external bodies funded by the Council will be removed through the use of funding agreements³. These written agreements will define roles, responsibilities and liabilities and will be used to define clear and unambiguous relationships.
- 1.10 The Council will only seek representation on the board or committee of an external body where
- the body clearly contributes to the achievement of the Council's strategic aims and objectives;
 - the body is considered to be a strategic partner; or
 - it is important for the Council's commitment to be visible.
- 1.11 To determine the checks required, the following will be used:

Risk/Control

- An organisation that is significant in size and over which the Council exercises substantial control i.e. those whose annual results are included in the Council's Group Accounts – Refer to Tier 1
- An organisation over which the Council exercises substantial control but is smaller in operational scale to the above i.e. those defined as part of the Council's Group but whose annual results are not included in the Group Accounts due to materiality – Refer to Tier 2
- An organisation that the Council has an interest in but does not control – Refer to Tier 4

and/or

Funding:

- Cumulative Annual Funding is greater than £7million – Refer to Tier 1

² For details refer to Section 11

³ For details refer to Section 9

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- Cumulative Annual Funding is greater than £300,000 but less than £7million – Refer to Tier 2
- Cumulative Annual Funding is between £75,000 and £300,000– Refer to Tier 3
- Cumulative Annual Funding is between £15,000 and £75,000 – Refer to Tier 4

- 1.12 The level of assurance to be followed will be the highest identified in assessing the above criteria.

Where annual funding is less than £15,000, an officer may still chose to follow the procedures laid down for Tier 4, as although the level of funding does not fall within the following the public pound guidance, the level of risk may be such that it would be prudent to follow these procedures.

For all other situations, officers should, as a minimum, obtain proof of the existence of the organisation, governance arrangements, and a breakdown of the funding. A letter of agreement should be prepared to set out the various responsibilities on both the Council and the organisation.

- 1.13 For all organisations who receive such funding, the Council will identify:

- The budget holder within the service providing the funding;
- The relevant accounting team contact; and
- The location of the relevant budget (financial code)

- 1.15 The Council will manage the risks posed through the delivery of services by external bodies by:

- Identifying and assessing risks for each Tier 1 and Tier 2 body.
- Grading each risk according to the Council's risk management protocols (4x6 matrix).
- Categorising each risk as red, amber or green, according to the assessed level of control assurance.
- Recording the risks in the relevant service risk register.
- Assigning a risk owner of appropriate seniority to manage their risk according to a pre-determined assessment schedule.

The level of control assurance for each risk will be informed by the documented output of the bi-annual Governance Hubs.

- 1.16 For high risks i.e. those categorised as red, the assessment schedule will be at a greater frequency than those at amber or green, reflecting the heightened response required. The management of risk around external bodies at the operational level will inform the assessment of risk in the Strategic Risk Register (SRR), the highest level of the

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Council's risk management structure. The SRR is updated monthly and is a component of the Corporate Dashboard. The frequency of assessment requirements at the operational tier provides an 'early warning' communication channel so that additional risk response actions may be authorised timeously at the strategic tier.

- 1.17 The Council will maintain an up to date central register⁴ of all organisations that receive funding and be able to produce information from across the Council in response to queries and questions.
- 1.18 The Council will maintain an up to date register of interests (representation on external bodies) and periodically review the indemnity arrangements in place for directors and officers, and trustees within external bodies. The master list of appointments will be held by the Head of Service, Office of the Chief Executive⁵.
- 1.19 The Office of the Scottish Charities Regulator (OSCR) undertook a detailed review into those Arm's Length External Organisations (ALEOs) registered as charities in Scotland. Their findings were published on 9th January 2015. A copy of the report can be found here: <http://www.oscr.org.uk/media/1778/2015-01-09-oscr-aleo-report.pdf>.

⁴ For details refer to Section 13

⁵ For details refer to Section 10

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2. TIER 1

2.1 Information Required from the Funded Organisation

2.1.1 The following list determines the minimum information requirements of the Council for the whole organisation and the timescales in which these are required:

- **Financial Plan** - detailed one year plan and summary 3 year plan. This will apply for each period for which funding is being granted;
- **Management Accounts** - to be submitted quarterly and no later than 6 weeks after the period end to which they relate; and
- **Financial Statements** - any registered company seeking funding for the first time must provide annual accounts for the 3 preceding financial years (unless a new body or less than 3 years old), audited or approved in line with Companies Act requirements for a registered company or guidance from the Office of the Scottish Charity Regulator (OSCR), in the case of a charity. Thereafter, an organisation in receipt of Council funding must present an annual set of accounts audited or approved (as required by the Companies Act or OSCR) within nine months of the financial year end.

It is recognised that some organisations will, due to their size be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the board / trustees / directors of the organisation and which include a statement setting out their responsibilities, including that of keeping proper books and records will suffice.

- **Objectives** - statement of organisational strategic objectives.
- **Risk Register** – corporate risk register to be supplied for each period for which funding is being granted.
- **Constitution/governance documentation should be held on file**

Failure to comply with the above may result in the withdrawal or suspension of Council funding.

2.1.2 In addition to the minimum requirements as set out above, the Council will have the right to ask for or inspect:

- Details of the performance of the organisation against the organisation's financial plan;
- Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings; and
- Details of the organisations financial and non-financial transactions, policies and procedures

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2.2 Financial Checks to be completed by the Council

2.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction their Accounting Team contact, and the timescales for completing these checks.

2.2.2 Checks required every two years:

- Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled.

2.2.3 Annual checks:

- Check that the projections in the financial plan are realistic and achievable;
- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern.

2.2.4 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

2.2.5 The following will be completed on an ongoing basis:-

- The Budget Holder, in conjunction with their Accounting Team contact, will check the six monthly Management Accounts to ensure there is sufficient cash to meet the organisations outgoings for the forthcoming year.

2.3 Approval, Monitoring and Reporting Process

2.3.1 Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance, Policy and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

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- 2.3.2 The Monitoring Body will be the relevant Service Committee (or approving Committee if different), where an annual report will be presented by the Budget Holder, based on reports received from the organisation. The report will cover financial performance as well as the aims and objectives of the organisation and how these are being met, whether the standards set by the Council have been met, other performance measures and targets and where applicable future plans.
- 2.3.3 A Service Level Agreement must be put in place covering the approval period.

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3. TIER 2

3.1 Information Required from the Funded Organisation

3.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** - any registered company seeking funding for the first time must provide annual accounts for the preceding financial year (unless new body or less than one year old), audited or approved in line with Companies Act requirements for a registered company or guidance from the Office of the Scottish Charity Regulator (OSCR), in the case of a charity. Thereafter, an organisation in receipt of Council funding must present an annual set of accounts audited or approved (as required by the Companies Act or OSCR) within nine months of the financial year end.

It is recognised that some organisations will, due to their size, be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the board / trustees / directors of the organisation and which include a statement setting out their responsibilities, including that of keeping proper books and records will suffice.

- **Objectives** - statement of organisational strategic objectives.
- **Risk Register** – corporate risk register
- **Constitution/governance documentation should be held on file**

Failure to comply with the above may result in the withdrawal or suspension of Council funding

3.1.2 In addition to the minimum requirements as set out above, the Council will have the right to ask for or inspect:

- Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings; and
- Details of the organisation's financial and non-financial transactions, policies and procedures

3.2 Financial Checks to be completed by the Council

3.2.1 The following list details the financial checks that must be carried out by the Budget Holder, in conjunction with their Accounting Team contact, and the timescales for completing these checks.

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3.2.2 Annual checks:

- Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months); and
- Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern.

3.2.3 Where the organisation does not meet the criteria required to demonstrate its operational or financial capability, further discussions will take place to review its financial plans. Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for which Council funding is to be provided as well as its own financial obligations.

3.3 Approval, Monitoring and Reporting Process

3.3.1 Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance, Policy and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

3.3.2 The Monitoring Body will be the relevant Council Service, to which an annual report will be supplied by the organisation for the attention of the Budget Holder. This should cover service and financial performance and any significant changes.

3.3.3 Good practice suggests that the Council Service management team should, on an annual basis, consider the objectives that are achieved through funding external bodies and reflect and/or take appropriate action on the annual reports received from the various organisations.

3.3.4 A letter of agreement must be put in place with detailed terms and conditions of funding.

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4. TIER 3

4.1 Information Required from the Funded Organisation

4.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** – The organisation must provide an annual income and expenditure account and statement of cash balance which has been approved by a person independent of the day to day operational running of the organisation. Such a statement needs to be provided in support of each funding claim and for each period for which Council funding is provided.
- **Constitution/governance documentation should be held on file**

Failure to comply with the above may result in the withdrawal or suspension of Council funding

4.2 Approval, Monitoring and Reporting Process

4.2.1 Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance, Policy and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

4.2.2 The Monitoring Body will be the relevant Council Service, to which an annual statement will be supplied by the organisation for the attention of the Budget Holder. This statement should set out how the organisation has met the objectives for which Council funding has been provided.

4.2.3 The annual statement must be reviewed and signed off by the relevant Head of Service.

4.2.4 A written funding letter must be in place which sets out clearly the amount of funding, the period for which it is applicable, as well as any conditions or objectives attached to the funding.

LOCAL CODE OF PRACTICE FOR FUNDING EXTERNAL BODIES AND
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5. TIER 4

5.1 Information Required from the Funded Organisation

5.1.1 The following list determines the minimum information requirements of the Council and the timescales in which these are required:

- **Financial Statements** – The organisation must provide an annual income and expenditure account and statement of cash balance. Such a statement needs to be provided in support of each funding claim and for each period for which Council funding is provided.
- **Constitution/governance documentation should be held on file.**

Failure to comply with the above may result in the withdrawal or suspension of Council funding

5.2 Approval, Monitoring & Reporting Process

5.2.1 Approval for funding will be given by the relevant Service, through its budget approval process and delegated authority arrangements or Service Committee or Finance, Policy and Resources Committee (if funding is to be approved from the 'Financial Assistance' budget or in the event of the funding being beyond the budgeted contribution, i.e. the budget set for the organisation).

5.2.2 The Monitoring Body will be the relevant Council Service, to which an annual statement will be supplied by the organisation for the attention of the Budget Holder. This statement should set out how the organisation has met the objectives for which Council funding has been provided.

5.2.3 The annual statement must be reviewed and signed off by the relevant Head of Service.

5.2.4 A written funding letter must be in place which sets out clearly the amount of funding, the period for which it is applicable, as well as any conditions or objectives attached to the funding.

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6 Payments

- 6.1 A schedule of payments will be agreed with the receiving organisation, where appropriate, prior to the commencement of the financial year. The payments should be tailored to meet the cash flow requirements. However, as a general condition, payments in excess of £15,000 per annum should be in no fewer than four instalments per financial year and preferably made monthly to minimise the Councils exposure in the event of the organisation encountering financial difficulties.
- 6.2 Payments will **not** be made to the organisation until all required information is submitted and checked and all financial checks have been satisfactorily completed. This will include a check by the Budget Holder that a correctly calculated payment schedule is in place.
- 6.3 In order to confirm that the relevant information has been received and checks completed the Budget Holder should retain, in the organisation's file, a completed copy of the checklist – see Appendix A.

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7. Funding Agreement

- 7.1 All organisations covered within the scope of this procedure must have a Funding Agreement.
- 7.2 The Funding Agreement can take different forms, e.g. Service Level Agreement (SLA) or application form and letter of approval with associated conditions. The length and detail of a Funding Agreement will vary depending upon the nature and size of the funding given. The Funding Agreement should be in place within three months of the date of the decision being taken to provide funding.
- 7.3 In accordance with the procedures above a Service Level Agreement is required for funding that is in excess of £300,000 and a letter of agreement setting out the conditions of the funding is required for funding below £300,000.
- 7.4 This agreement will include non-financial targets and information, but as a minimum the following must be included:
- The purpose of the funding and the expectation of use;
 - The Council policy/strategy the funding is linked to;
 - The value of funding approved by the Council, including payment date information;
 - The period over which the funding applies;
 - Financial reporting requirements;
 - Monitoring and reporting requirements;
 - A statement on the consequences of failure to provide reporting information to the Council, i.e. the discontinuation of further funding;
 - A statement on the ability of the Council to deduct any debts due to the Council prior to making any further awards;
 - A statement on access to the accounting records of the organisation that requires to be given to Council staff, including internal and external audit staff.
 - Details of Council representation of Councillors and Officers.
 - The need for the Council to be acknowledged for its support on all publicity material relating to the project/service; and
 - Clarification of procedures for cancelling the Funding Agreement.
- 7.5 Monitoring officers should periodically review the SLA or other contract between the Council and the organisation. Where it is considered that a change to a provision within the original agreement is necessary, this should be agreed between the Service, Legal & Democratic Services and the organisation.

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8. Termination

8.1 The agreement to provide financial support may be terminated on **written notice** if any of the following arise:

- The organisation fails to perform any substantial obligation on its part; or
- The conditions of the investment, including the provision of information requested are not met; or
- The monitoring/evaluation of the organisation and/or its performance are deemed unsatisfactory by the Lead Officer

The termination shall become effective within 30 days after the receipt of the notice unless the organisation has remedied the identified default within this period or is able to demonstrate, to the satisfaction of the Council, that any issues can be remedied within an agreed timescale.

Under these circumstances, the Council will require the return of all unused monies and retains the right to recover any debts due to the Council incurred prior to the termination date.

8.2 The agreement to provide financial support may be terminated with **immediate effect** where the organisation:

- Is unable, at any time, to satisfy the Council that sufficient cash exists to ensure its cash flow projections can be financed; or
- Passes a resolution for winding up other than for the purposes of solvent amalgamation or reconstruction where the resulting entity assumes all of the obligations of the defaulting organisation; or
- Is deemed insolvent; or
- Makes or proposes to make any arrangement with its creditors; or
- Appoints a liquidator, receiver or administrator over any of the assets of the organisation

Any termination of the agreement shall not affect any rights or liabilities placed upon either party which have accrued prior to the date of termination.

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9. 'Group Accounts' Concept

9.1 Where the Council has entered into a financial arrangement with an external organisation that results in the organisation being treated as a subsidiary in terms of the 'Group Accounts' concept under the Code of Practice on Local Authority Accounting then the following will apply:

- Draft financial statements are required to be provided to the Council in a timescale to be agreed with the Accounting Manager, to enable the proper and timely production of the Council's unaudited annual accounts each year.
- Audited financial statements and a summary of any audit adjustments are to be provided to the Council in a timescale to be agreed, to enable the proper and timely production of the Council's audited annual accounts each year.
- An annual assurance statement on the system of internal controls, including financial controls, is to be sent to the Accounting Manager for review and to inform the production of the Council's Annual Governance Statement.
- Internal Audit should consider in the annual audit planning process the audit of subsidiary organisations and include in its audit plan relevant audits. Internal Audit will report their findings to the Audit, Risk and Scrutiny Committee.

9.2 The Council recognises the importance of its relationships with those organisations that form part of its group. In so doing, the Council has approved a range of requirements to be adhered to by the group entities. These include requirements for the Council to scrutinise group entities, with specific reference to:

- Management assurance;
- Internal and external audit reports;
- Business Planning;
- The system of risk management;
- The roles and responsibilities of the board; and
- The work of the governance hub by meeting regularly to discuss performance and governance matters.

9.3 Governance Hubs have been created to monitor all contracts and performance outcomes for ALEOs. It will take on the formal reporting of ALEO performance; manage contract delivery and monitoring, financial oversight and performance indicators for ACC. It will operate for all ALEOs in the same manner, with clear governance oversight and direct reporting through to the Corporate Management Team (CMT). In addition, minutes of the Governance Hubs will be reported to the Audit, Risk and Scrutiny Committee.

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10. Representation and Participation in External Bodies

- 10.1 In considering the question of representation it is important that the Council is clear about why it wants representation and is transparent in its decision making about which Councillors or officers will be involved and why.
- 10.2 The Council will review its policies with other organisations upon the request of the external organisation.
- 10.3 Where the Council participates as a decision-maker, adviser or observer of an external body the Council must provide advice and guidance to the Councillor and/or Officer involved. This should cover:
- their responsibilities to the Council and to the external body;
 - the potential for conflicts of interest and highlight the need to have regard to the national Code of Conduct for Councillors⁶ on the matter – including declarations of interest;
 - the need to recognise their duties towards the external body differ from their duties to the Council; and
 - the limitations on what they may disclose to the Council where there is a conflict of interest.
- 10.4 Councillors' responsibilities to the Council: Councillors usually represent a political party, but can also be independent. If they are a member of a political party, their priorities while in office are influenced by the priorities of the party. All councillors act as:
- Representatives of a particular ward area, decision makers for the whole council area, policy makers for future activities of the council, auditors of the work of the council, regulators of planning, licensing and other matters required by government and as community leaders.*
- 10.5 Officers' responsibilities to the Council: Officers engage in direct operational management of the Council's services. It is also the responsibility of the Chief Executive and senior officers to help ensure that the policies of the Council are implemented.
- 10.6 Responsibilities to the external body: Councillors will be bound by the rules of conduct of these organisations and their responsibility for any actions taken by them as a member of such an organisation will be to the organisation in question. Councillors must also continue to observe the rules of the Councillors Code of Conduct in carrying out the duties of that body.

⁶ The Councillors Code of Conduct is available at:
<http://www.scotland.gov.uk/Resource/Doc/334603/0109379.pdf>

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If a Councillor becomes a director of a company as a nominee of the Council they will assume personal responsibilities under the Companies Acts. It is possible that a conflict of interest may arise between the company and the Council. In such cases it is the Councillors responsibility to take advice on your responsibilities to the Council and to the company. This will include questions of declarations of interest.

Where a charity trustee is faced with a conflict of interest between the interests of the charity and those of the Council the interests of the charity must come first. The charity trustee must act in the interests of the charity to which they have been appointed, rather than in the interests of the Council. If in relation to a particular issue the conflict is irreconcilable, the then charity trustee in question must make this known to the other charity trustees, and not take part in any further discussion or decision-making on the issue⁷.

- 10.7 Conflicts of Interest: Interests which require to be declared (if known to the Councillor) may be financial or non-financial. They may or may not cover interests which are registrable in terms of the Code of Conduct. Most of the interests to be declared will be personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. In specific relation to Following the Public Pound the following applies:

A Councillor may serve on other bodies as a result of express nomination or appointment by the Council or otherwise by virtue of being a councillor. Membership of statutory Joint Boards or Joint Committees which are composed exclusively of councillors does not raise any issue of declaration of interest in regard to Council business.

In relation to service on the boards and management committees of limited liability companies, public bodies, societies, charities, trusts and other organisations, the Councillor must decide, in the particular circumstances surrounding any matter, whether to declare a non-financial interest. Only if they believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. It is vital to always remember the public interest points towards transparency and, in particular, a possible divergence of interest between the Council and another body.

The Councillor Code of Conduct includes specific exclusions in relation to the declaration of interests. These apply to enable the councillor to take part in the consideration and discussion of, and to vote upon, any matter relating to the body in question. The councillor is required to declare his or her interest at all meetings where matters relating to the

⁷ Source: Guidance for Charity Trustees, OSCR, June 2009 & Arm's-length external organisations (ALEOs): are you getting it right? Audit Scotland, June 2011

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body in question are to be discussed. This is always provided the exclusion does not apply in respect of any matter of a quasi-judicial or regulatory nature where the body in question is applying to the local authority for a licence, a consent or an approval, is making an objection or representation or has a material interest concerning such a licence, consent or approval or is the subject of a statutory order of a regulatory nature, made, or proposed to be made, by the local authority.

- 10.8 Limitations on what can and cannot be disclosed: This cannot be easily defined and Councillors and officers are advised to seek advice from, for example, the Council's Monitoring Officer should there be uncertainty about issues of conflict of interest.
- 10.9 It is not possible for the Council to insure Councillors or Officers of the Council in relation to their capacity as trustees, directors or officials, therefore it is for each external organisation to consider their own risks and determine the level of insurance / indemnity cover that's required. There will be circumstances where no indemnity insurance is required and this is acknowledged by the Council.
- 10.10 The Council will periodically check the indemnity arrangements that exist within external bodies where Councillors or Officers participate.
- 10.11 The Head of Legal and Democratic Services will retain a register of representation on external bodies in a format they deem suitable for the purpose. Decisions in relation to representation will be taken by the relevant Council Committee or Sub-Committee⁸ or at the first meeting of the Council⁹.

⁸ Refer to Standing Order 37(6)

⁹ Refer to Standing Order 1(5)(iii)

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11. Financial and Operational Risk Assessment

11.1 Financial Assessment Framework

11.1.1 For funding awards of greater than £7 million an assessment should be made and documented by the relevant Council financial or accounting officer in relation to the financial stability of the organisation and for those which have operated for more than 3 years, 3 years financial statements should be supplied to the Council in the first instance. Where the funding is between £300,000 and £7million this should be looked at on the basis of the preceding year's approved or audited financial statements.

11.1.2 Newly (or recently) formed organisations should be asked to submit detailed financial plans together with cash flow forecasts, and/or business plans, where available.

11.1.3 Services are required to source the relevant documentation. The lead officer should prepare the assessment prior to the award of funding, in conjunction with their accounting team contact.

11.1.4 Where specific issues exist or additional information may be helpful to the assessment of the organisation a credit check may be appropriate and should be discussed with your line manager prior to this being obtained. These can be obtained from the Accounting Team contact.

11.2 Operational Assessment Framework

11.2.1 Matters which should be considered as part of the assessment of the organisational capability for awards of funding in excess of £15,000.

- Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation
- Is the organisation a registered charity, and if so have they complied with guidance from OSCR
- Is the organisation a registered company, and if so have they complied with their requirements under Companies Act
- Does the organisation have a clear statement of purpose and organisational objectives
- Is the organisation able to provide evidence or other support to demonstrate achievement of its objectives and purpose

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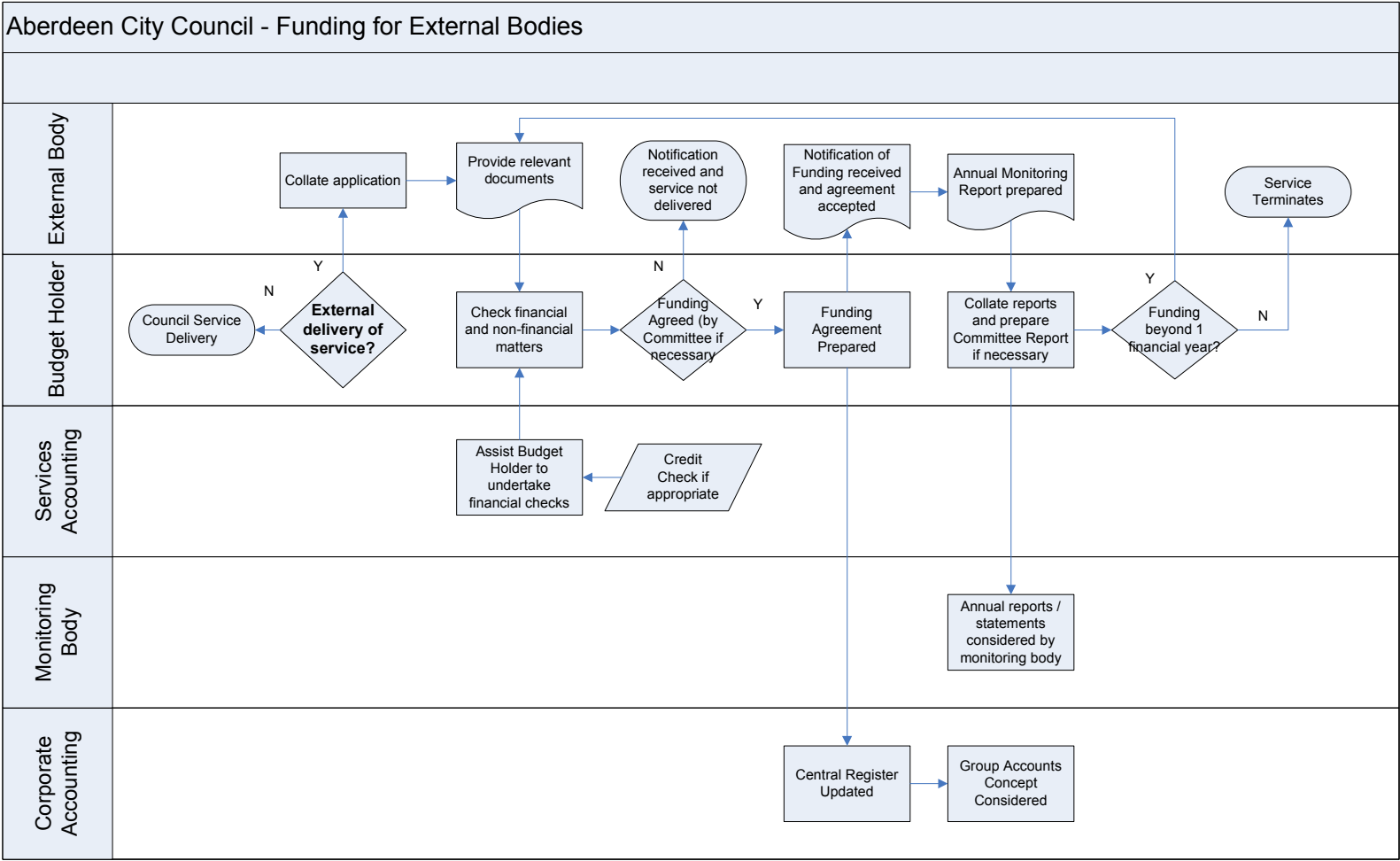
- Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge

11.2.2 The Budget Holder and/or other people undertaking the operational capability assessment should document their findings (Pro forma – Appendix B), together with their recommendation as to whether the organisation is fit and proper to be considered for funding. Where conditions need to be attached to any Funding Agreement, these should be documented within the assessment pro forma.

11.2.3 Should the lead officer determine that they do not possess the relevant skills/knowledge to undertake this assessment, they should seek advice from their Finance business partner in the first instance.

12. Flowchart

12.1 In order to present a picture of how the award of funding works the following flowchart has been produced to aid an understanding of the work, decision making and outputs involved.



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12.2 This can be described in the following way

- Application for funding received / Identified need for external body to deliver a service on behalf of the Council
- Determine Level of Funding Required → Indicates information / documentation / agreement type required
- Budget Holder, in conjunction with their Accounting Team contact, undertakes financial and non-financial scrutiny
- Checklists completed – see Appendix A
- Decision taken under Service scheme of delegation, or if calls for it Committee approval
- Funding Agreement put in place by Budget Holder
- Budget Holder informs the Corporate Accounting Team of agreement to update the Central Register
- Corporate Accounting Team consider the wider aspects of the Council's Group Accounts
- Monitoring reporting undertaken by the external body
- Budget Holder provides annual information to Head of Service, Service Management Team or Committee as appropriate
- Budget Holder manages and maintains the organisational relationship with the external body
- Funding extending beyond a single financial year is subject to annual / ongoing financial and non-financial checks

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13. Central Register

- 13.1 The Council will maintain a Central Register of all funding approved that meets the criteria set, which is covered by this Local Code of Practice.
- 13.2 The Register will be managed and maintained by the Corporate Accounting Team, located at Marischal College, and updates will be provided directly from the Budget Holder as funding is awarded.
- 13.3 The Register is a key data source and as such the information and timing of such being supplied is crucial to the robustness of the information that is contained therein. The process described in this document and accompanying flowchart and checklists show when the Register should be updated.
- 13.4 To record an entry in the Register the Funding Agreement should be sent to the Corporate Accounting Team immediately after the award has been made. The format of the register is shown in Appendix C.
- 13.5 If Budget Holders wish to enquire about funding being provided to an organisation from across the Council then the Register will allow this to be carried out, in the first instance contact the Corporate Accounting Team on 52 2562 or 52 3567 for details.

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14. Glossary & Reference Documents

Glossary:

External Body	Includes all arms length external organisations, trusts, registered charities, voluntary organisations and grant aided bodies
Funding	Includes monies, grants, capital grants, guarantees, loans, common good fund contributions, shares, assets and assistance in kind Where assets, such as property are provided, the value of the building will not be included in the value of funding and a committee decision based on a business case for the use of assets in this way will be the overriding factor. This will normally exist where the council wishes the external body to undertake the delivery of existing council services on its behalf Peppercorn (below market rate) rental / lease agreements for property should be taken into account, based on the difference between the payment made and the market value
Assistance in Kind	Includes all staff time and associated costs involved in enabling the external body to carry out its core activities which are essential to its continued existence e.g. administrative support, professional services, advice, accommodation, use of equipment, training, preparation of material for reporting to Council, etc It does NOT include staff time and associated costs involved i) in supporting and developing groups as part of the Councils duty to support community action; ii) in providing advice on setting up the funding and applications to the Council; and iii) incurred in the formal monitoring and review of funding arrangements by the Council
Straightforward Contract	An agreement for the provision of goods and services between the Council and another organisation as a result of a normal commercial process, such as an open tender

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Substantial to the Council	Funding arrangements that are substantial are where the external body is receiving in excess of £7million per annum. This will include revenue or capital, recurring or non-recurring funding
Representation	Means acting as a full member of the board or management committee of an external body, having a decision making capacity with full speaking and voting rights
Participation	Includes acting as a representative, adviser or observer at meetings of external bodies.
Accounting Team Contact	The person within Services Accounting designated to support the Service in these matters by the Finance Partner or Accountant
Budget Holder	The Service representative designated to process the applications from external bodies for funding, and who is responsible for the contact with and relationship between the Council and the external body
Monitoring report	This will consist of a financial and non-financial operational report from the external body that includes confirmation of what has been achieved with the funding that's been provided and costs associated with undertaking this work

Reference Documents:

Arm's-length external organisations (ALEOs): are you getting it right?
Audit Scotland, June 2011

Following the Public Pound: A follow-up report;
Audit Scotland, December 2005

Code of Guidance on Funding External Bodies and Following the Public Pound and
Operational Guidance;
CoSLA & Accounts Commission for Scotland, May 1996

The Councillors' Code of Conduct;
The Standards Commission for Scotland, December 2010

Roles and working relationships: are you getting it right?
Audit Scotland, August 2010

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Checklist

Financial Year: [enter year]**External Body:** [enter name of organisation]**Service:** [enter the Service]**Budget Holder:** [enter name and job title of the designated budget holder]**Completed By:** [enter name and job title of person completing this checklist]

	Requirements for funding of				Value of Funding
	TIER 1	TIER 2	TIER 3	TIER 4	£
Description of Issues and Checklist Questions (these represent minimum requirements)					Confirm Receipt of Information or Checking has been carried out
Prior to the Funding being Awarded On receipt of an application for funding consider whether the applicant meets the criteria for the grant or funding they are applying for. Reference may be made to the contents of the <i>Aberdeen City Council Funding Pack</i> . Has the funding criteria been applied prior to the award?	X	X	X	X	

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Checklist

Information expected from each external body in support of their application					
• Detailed one year financial plan and summary 3 year plan provided	X	n/a	n/a	n/a	
• Any registered company seeking funding for the first time must provide annual accounts for the 3 preceding financial years (unless new body or less than 3 years old), audited or approved in line with Companies Act requirements - It is recognised that some organisations will, due to their size be exempt from the audit requirements of the Companies Act, in these circumstances accounts approved by the board / trustees / directors of the organisation and which include a statement setting out their responsibilities, including that of keeping proper books and records will suffice.	3 years	1 year	n/a	n/a	
• The organisation must provide an annual income and expenditure account and statement of cash balance which has been approved by a person independent of the day to day operational running of the organisation	n/a	n/a	1 year	1 year	
• In the case of the organisation being recognised as a charity, the organisation will have to follow the guidance from the Office of the Scottish Charity Regulator (OSCR) to check if an audit or an independent examination is required.	X	X	X	X	
• A statement of organisational strategic objectives	X	X	n/a	n/a	
• Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled	X	n/a	n/a	n/a	
• Check that the projections in the financial plan are realistic and achievable	X	n/a	n/a	n/a	
• Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months)	X	X	n/a	n/a	
• Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern	X	X	n/a	n/a	

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Checklist

<u>Approval Process</u>					
• Has approval for funding been given by a Committee, if so which one?	X	X	X	X	
• Has approval for funding been given through delegated authority, if so who by?	X	X	X	X	
• What was the date of the approval?	X	X	X	X	
<u>Payments</u>					
• Has schedule of payments been agreed with the organisation, and where appropriate, prior to the beginning of the financial year?	X	X	X	X	
• Are there no fewer than 4 payments in the financial year?	X	X	n/a	n/a	
• Who has checked the schedule of payments for accuracy?	X	X	X	X	
• Have all financial checks have been completed to the satisfaction of Council staff, and all the information submitted as required by the organisation?	X	X	X	X	
• Is everything held in the file?	X	X	X	X	
<u>Funding Agreement</u>					
• A Service Level Agreement is required	X	n/a	n/a	n/a	
• What date was the Service Level Agreement signed?	X	n/a	n/a	n/a	
• Is a letter of agreement in place?	n/a	X	X	X	
• What date was the letter was issued?	n/a	X	X	X	
• Are the minimum requirements as set out in Section 7.4 all covered?	X	X	X	X	
• Is a copy of the Agreement held in the file?	X	X	X	X	
<u>Group Accounts Concept</u>					
Has the issue of Group Accounts been considered by Corporate Accounting?	X	n/a	n/a	n/a	
<u>Central Register</u>					
Has the Funding Agreement been sent to the Corporate Accounting Manager for entry into the central register?	X	X	X	X	

X = this criteria applies to funding being awarded

LOCAL CODE OF PRACTICE FOR FUNDING EXTERNAL BODIES AND 'FOLLOWING THE PUBLIC POUND'

Checklist

Financial Year: [enter year]
External body: [enter name of organisation]

Service: [enter the Service]
Budget Holder: [enter name and job title of the designated budget holder]

Description of Issues and Checklist Questions (these represent minimum requirements)	TIER 1	TIER 2	TIER 3	TIER 4	Financial Year 20xx/xx
After the Funding has been Awarded <u>Regular checks for external bodies</u> Every 2 Years - Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled Annually - Check that the projections in the financial plan are realistic and achievable - Check that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least 3 months) - Check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern Ongoing - Check the six monthly Management Accounts to ensure that there is sufficient cash to meet the organisations outgoings for the forthcoming year.	X	n/a	n/a	n/a	
	X	n/a	n/a	n/a	
	X	X	n/a	n/a	
	X	X	n/a	n/a	
	X	n/a	n/a	n/a	

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Checklist

<u>Council Monitoring</u> • What is the relevant Monitoring Body, which Committee or Service? • Annual report received from the external body? • Annual report prepared for Committee? • Date of Committee? • Annual report prepared for Service Management Team? • Annual report supplied to Head of Service? • Objectives and Outcomes achieved as per Funding Agreement? • Outcome observations: Any further action required:	X	X	X	X	
	X	X	X	X	
	X	n/a	n/a	n/a	
	X	n/a	n/a	n/a	
	n/a	X	n/a	n/a	
	n/a	n/a	X	X	
	X	X	X	X	
	X	X	X	X	

X = this criteria applies to funding being awarded

**LOCAL CODE OF PRACTICE FOR FUNDING EXTERNAL BODIES AND
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We have considered the following in respect of the above organisation and have summarised our observations and conclusions below:

Matters considered (examples – the questions should be tailored according to the nature and amount of funding being considered)

- Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation
- Is the organisation a registered charity, and if so have they complied with guidance from OSCR
- Is the organisation a registered company, and if so have they complied with their requirements under the Companies Act.
- Does the organisation have a clear statement of purpose and organisational objectives
- Is the organisation able to provide evidence or other support to demonstrate achievement of its objectives and purpose
- Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge

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Operational Capability Assessment Template

Record any observations in relation to the above

Recommendation

The organisation has been assessed and our overall recommendation is as follows:

Date completed: [enter date]

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Central Register – Format

Aberdeen City Council
Return of information for setting up a Central Register
of Organisations meeting the criteria of Following the Public Pound
covering the 2015/16 financial year

Service making the return: _____
Person Collating Data & Contact Details: _____

Data Required for Setting up Register

Fund	Name	Designation	DIRECTORATE	SECTION	Location	Phone No.	Contact	Phone No.	Name	Contact	Designation	Address 1	Address 2	Town/ City	Post Code	e-mail	Nature of Funding	Approval Date	Value of Support £	Decision Making Body	Financial Code (s)	Payment Regime	Project

Guidance notes on completion of the return
Lead Officer Please provide name & designation
Contact Details Please provide location & tel. number
Nature of Funding e.g. Grant, guarantee, loan etc.
Decision making body e.g. Committee, CMT
Payment regime e.g. monthly, quarterly, annually etc.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 September 2015
DIRECTOR	Angela Scott
TITLE OF REPORT	Information Management policy suite
REPORT NUMBER	CG/15/96
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To provide Committee with a suite of revised and standardised Information Management policies, in accordance with audit recommendations, as the Council's framework for implementing the appropriate and effective management of all information, throughout its lifecycle.

2. RECOMMENDATION(S)

2.1 That Committee note the detail of, and approve the following revised policies:

- [ICT Acceptable Use Policy](#)
- [Information Security Policy](#)
- [Information Asset Register Policy](#)
- [Information Lifecycle Management Policy](#)
- [Records Retention & Disposal Policy](#)
- [Business Classification Scheme Policy](#)

2.2 That Committee note that the policies are supported by Corporate Managing Information Guidance (Appendix 7), which brings together and replaces all previous corporate guidance around managing records, managing information, information security, ICT good practice and clear desk practice.

3. FINANCIAL IMPLICATIONS

The implementation of these policies forms part of the Council's wider Information Management Strategy Programme. Any resource requirements identified will be subject to scrutiny from the Senior Information Risk Owner (SIRO) for identification of budget and approval.

4. OTHER IMPLICATIONS

This revised suite of Information Management Policies set out the Council's framework for the appropriate management of its information, in line with the comprehensive and integrated approach outlined in the [Information Management Strategy](#).

The Council has a statutory duty under the Public Records (Scotland) Act 2011 (PRSA) to ensure that we manage all our information appropriately. Having in place, and being able to evidence implementation of a corporate framework for the proper management of our information throughout its lifecycle is a key element of fulfilling this duty, whilst being compliant with other related legislation such as Data Protection and Freedom of Information.

5. BACKGROUND/MAIN ISSUES

The Council's management of information is increasingly subject to legislation, scrutiny, and audit. Most recently, the Council has been subject to the following:

Office of Scottish Information Commissioner (OSIC)

2012 OSIC – FOISA Good Practice Compliance Assessment

2014 OSIC – FOISA Recommendations follow-up and sign-off

UK Information Commissioners Office (ICO)

2013 ICO – Data Protection Compliance Audit

2014 ICO – Data Protection Audit Recommendations follow-up –
On-going

Internal Audit

2013-2014 – Information Security Review and follow-up

2014 Sep – PWC Phase 1 Public Records (Scotland) 2011 Act
Compliance

2015 Jun – PWC Phase 2 Public Records (Scotland) 2011 Act
Compliance

2015 Jun – Management Information ICT

External Audit

2015 Jun – Review of ICT Services

The PWC Phase 2 Public Records (Scotland) 2011 Act Compliance specifically recommended the revision and standardisation of the Council's policies for managing information, in line with the integrated approach outlined in the Council's [Information Management Strategy](#).

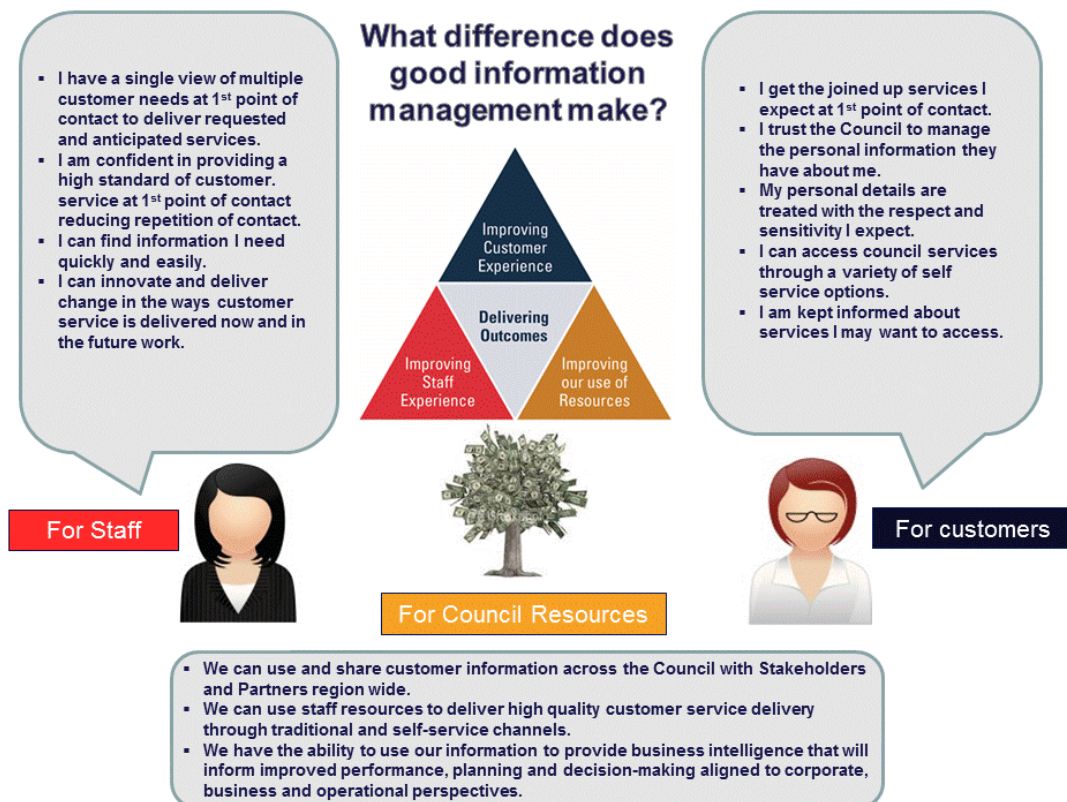
In revising the Council's suite of Information Management policies, and in line with the Shaping Aberdeen vision, the opportunity has been taken to refresh the format of these policies, to create a policy framework which is clear, meaningful and user-friendly, and which

explicitly outlines how policies will be implemented, monitored and reported on an ongoing basis.

In addition, revised corporate guidance on Managing Information, which brings together, and replaces, all previous corporate guidance around managing records, managing information, information security, ICT good practice and clear desk practice, has been developed to give staff clear, meaningful and user friendly guidance in one place, on the required day to day information management practice.

6. IMPACT

Approval of this suite of policies will ensure the Council has a fit for purpose framework in place for the appropriate management of all information, now, and in the future. The Council's information is a critical asset, underpinning service delivery; used by all staff, and affecting all customers, and their experience of the Council. Adoption of this revised and integrated policy framework for managing information supports the delivery of the Council's strategic information management objectives, as outlined in the [Information Management Strategy](#), that our information is accessible, useable and reliable; available when, where and whenever it is needed to support core business. Good information management is a critical enabler for delivery of the Council's Shaping Aberdeen Priorities:



An Equality and Human Rights Impact Assessment has been undertaken.

7. MANAGEMENT OF RISK

Management of Risk will be monitored and reported by the Senior Information Risk Officer (SIRO) to the Corporate Management Team on a quarterly basis.

8. BACKGROUND PAPERS

[Public Records \(Scotland\) Act 2011](#)

[Corporate Information Management Strategy](#)

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources Committee
DATE	15 September 2015
DIRECTOR	Angela Scott, Chief Executive
TITLE OF REPORT	Gala funding & Community Festive Fund
REPORT NUMBER	OCE/15/033
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To seek approval for any future gala funding to be administered through the existing small financial assistance grants scheme.

The Community Festive Fund will continue to be managed by the City Events Team until a wider review of OCE service funding activities is undertaken.

2. RECOMMENDATION(S)

1. That members note the content of this report.
2. That members approve that all future gala funding be administered through the small financial assistance grants scheme.
3. That members approve that the existing City Events budget of £10,000 for gala funding from the Common Good Fund be transferred to the small financial assistance grants scheme.

3. FINANCIAL IMPLICATIONS

Following discussions with the Head of Finance, this report details plans to administer all future gala funding through the small financial assistance grants scheme. The £10,000 budget currently allocated to the City Events team from the Common Good Fund would be transferred to the small financial assistance grants scheme to support the costs of applications received for this purpose.

This will bring greater rigor and transparency to the funding process and will ensure strong financial management practices are applied through the existing approved small financial assistance grants assessment criteria.

4. OTHER IMPLICATIONS

Staffing

Officers within Finance already deliver the small financial assistance grants and the management of this funding, and additional applications received as a result of this proposal can be accommodated within the existing administration of the scheme.

5. BACKGROUND/MAIN ISSUES

In recent months discussions have been ongoing between City Events and Finance regarding the consolidation of existing funding schemes to ensure a consistent, accessible and efficient approach for applicants wishing to secure financial support for activities in the city.

As a result of these discussions it is proposed that all future gala funding applications are processed through the small financial assistance grants scheme using the assessment criteria approved at FP& R Committee on 6 May 2014.

For information, the agreed criteria are as follows:

Small Financial Assistance Grants – Assessment Criteria	
a)	Applications must be for a clear and specific purpose and include relevant background and financial information.
b)	Applications must <u>not</u> be for a purpose already being funded from another Council budget.
c)	Applications which fall within the assessment criteria of another established Council funding budget will be referred to that process.
d)	Applications must <u>not</u> be for a purpose which secured funding from this budget in the previous 12 months.
e)	Applications will only be considered whilst budget remains available.
f)	The award of funding will be limited to a maximum of £2,500.

Small Financial Assistance Grants – Conditions of Award	
a)	Following the committee, the applicant will be informed in writing of the committee decision including the amount awarded, the means of payment and the purpose for which the award was made.
b)	In exceptional circumstances where an award of funding in excess of £2,500 is approved, it will be on the basis that the arrangements in relation to the Local Code of Guidance on Funding External Organisations and Following the Public Pound will require to be put in place.

The City Events team will continue to offer event and health and safety guidance to ensure the ongoing delivery of safe, enjoyable community events and, subject to approval of these recommendations, will make contact with all previous applicants to advise them of the change in funding process.

Supporting event organisation information and documentation will be placed online for reference and organisers will still be able to seek Event Officer guidance when planning their event in the future.

6. IMPACT

Corporate

Aberdeen – the Smarter City

- We will promote Aberdeen as a great place to live, bring up a family, do business and visit.
- We will ensure that Union Street regains its position as the heart of the city and move cultural activity centre-stage through re-invigorated cultural leadership.

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

Aberdeen's city events programme is key to the destination promotion that Aberdeen City Council, Visit Aberdeen, Aberdeen Inspired and Visit Scotland Aberdeen City and Shire currently undertake.

Should our diverse and engaging programme of community and regional events not continue, then Aberdeen could potentially cease to be an attractive destination for visitors and local residents with economic spend being distributed elsewhere in Scotland and event organisers considering alternative delivery locations.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
DIRECTOR	Chief Executive
TITLE OF REPORT	Twinning & International Partnerships
REPORT NUMBER:	OCE/15/026
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to bring before Committee applications for financial assistance from the International Twinning Budget 2015-2016 and to make recommendations ahead of the Priority Based Budgeting and Common Good Fund Reviews.

2. RECOMMENDATION(S)

That Finance, Policy & Resources Committee approve the following grants from the International Twinning Budget 2015-2016:

- i) Contribution of £10,000 towards an exchange project between Harlaw Academy and Von Mueller Gymnasium in Regensburg, 28 October-1 November 2015 and May 2016
- ii) Contribution of £1,300 towards a visit by trustees of Friends of Gomel to Gomel to support established projects and develop new partnerships, 6-13 April 2016
- iii) Contribution of £6,000 towards Kincorth Academy hosting a school exchange programme with Regensburg's Albertus Magnus Gymnasium in Aberdeen, 4-9 October 2015
- iv) Contribution of £2,940 towards the attendance of a civic delegation and music group from Stavanger at Aberdeen's annual Christmas Tree Light Switch-On Ceremony to celebrate the 25th twinning anniversary of the two cities, 26 November 2015

3. FINANCIAL IMPLICATIONS

Full council approved the International Twinning Budget for 2015-2016 of £147,250. The approved budget from the Common Good Fund provides £102,000 of monies towards the support of twinning projects and/or visits. An additional £10,000 has been made available to support projects which celebrate twinning anniversaries in 2015. A total of £112,000 is available to support projects in 2015-16.

	Balance of budget available as at April 2015	£112,000
	Opening Balance	£59,970
i)	Contribution towards an exchange project between Harlaw Academy and Von Mueller Gymnasium in Regensburg, 28 October-1 November 2015 and May 2016	£10,000
ii)	Contribution towards a visit by trustees of Friends of Gomel to Gomel to support established projects and develop new partnerships, 6-13 April 2016	£1,300
iii)	Contribution towards Kincorth Academy hosting a school exchange programme with Regensburg's Albertus Magnus Gymnasium in Aberdeen, 4-9 October 2015	£6,000
iv)	Contribution towards the attendance of a civic delegation and music group from Stavanger at Aberdeen's annual Christmas Tree Light Switch-On Ceremony to celebrate the 25th twinning anniversary of the two cities, 26 November 2015	£2,940
	TOTAL	£20,240
	Closing Balance (if recommendations approved)	£39,730

4. OTHER IMPLICATIONS

The health and safety implications of all visits are taken into account during planning, with any exceptional implications addressed at the time of application.

The Twinning & International Partnerships Officer regularly reviews the travel advice provided by the Foreign and Commonwealth Office and is in close contact with counterpart officers in the twin cities to ensure information provided to participants is accurate and up-to-date.

Where individuals/groups from Aberdeen are travelling overseas, comprehensive pre-visit briefings are offered by the Twinning & International Partnerships Officer and all have the opportunity to ask questions and request support.

When participating in overseas visits, Council employees are covered by the Council's insurance policy while non-Council employees are instructed by the Twinning & International Partnerships Officer to obtain comprehensive travel insurance.

Long established twinning links will not be maintained without regular reciprocal visits and ongoing projects being initiated by communities, groups and individuals and there is the potential for the city's international image to be damaged if we don't continue to support established relationships.

Grants provided through the twinning budget provide individuals and communities from throughout Aberdeen City with the opportunity to engage with international twinning activities. In addition, incoming visitors to the city on twin city projects support the local economy through their participation at events and hospitality and retail expenditure while visiting the city.

The Twinning & International Partnerships Officer will provide a strong link between Aberdeen and our twin cities who also provide organisational support, advice and guidance when required.

They will also make recommendations on funding available to the group and offer support to foster a relationship with the city so that it is long lasting and beneficial to the people of Aberdeen without requiring on-going financial support from the public purse.

All groups participating in twin city activities are encouraged to develop sustainable relationships with their partner groups. Links between most of the twin cities of Aberdeen are active, and links which have not recently been engaged have been contacted to re-establish communications. It is important that all visits and projects through twinning are long-standing and fruitful to ensure their benefit to the local people of Aberdeen, to establish and promote positively the overseas image of Aberdeen and for best practice to be shared between cities.

5. BACKGROUND/MAIN ISSUES

These recommendations are made ahead of the Priority Based Budgeting and Common Good Fund Reviews and involve the allocation of funds made available from the 2015-16 budget:

i) **Contribution of £10,000 towards an exchange project between Harlaw Academy and Von Mueller Gymnasium in Regensburg, 28 October-1 November 2015 and May 2016**

Harlaw Academy have developed a new twinning partnership with Von Mueller Gymnasium in Regensburg. This is the first time that the school have participated in an exchange with a school from one of Aberdeen's twin cities. This year-long project will see Harlaw Academy host pupils and teachers from Regensburg in autumn 2015 and allow young people from Harlaw Academy to travel to Regensburg during the 2016 summer term.

Aberdeen City Council and Stadt Regensburg supported the professional development of teachers from Harlaw Academy and Von Mueller Gymnasium earlier this year through exchange visits with teaching staff. The aim of this programme was to provide a professional development opportunity to staff which would enable them to create an

exchange programme benefitting pupils from both cities. A report submitted by the Harlaw Academy staff following the visit highlighted the benefits of this introductory visit to Regensburg:

- Best practice in an international context was observed;
- The experience guided the school's International Learners initiative as part of the school improvement plan;
- Familiarisation of the school system and ethos instilled a greater confidence in teachers with regards to organising a new exchange;
- Face-to-face communications with German colleagues provided a conducive environment to developing cross-curricular communal projects

Harlaw Academy and Von Mueller Gymnasium have submitted plans for an initial three-year twinning programme. A programme of activities for this first year includes: the establishment of an e-twinning *Twinspace* that would be accessible to all pupils; a pen pal project facilitated by Modern Languages; and the involvement of Associated School Group primaries where appropriate.

A pupil mobility exchange is planned with 15 pupils and two teachers from Regensburg travelling to Aberdeen in October and a reciprocal visit by pupils from Harlaw Academy to Regensburg in May 2016. A diverse programme has been created for the Regensburg pupils which will include spending time with pupils in the school, outdoor learning with Adventure Aberdeen and discovering the social history of Aberdeen with guided tours of the harbour. A programme with similar outcomes will be arranged for the visit of young people from Aberdeen to Regensburg during the summer term.

This varied programme of distance learning and mobility exchanges promotes cultural awareness and communication skills to young people of Aberdeen. Pupils will develop a greater understanding of traditional and educational cultures and customs in different countries. Modern language communication skills will also be enhanced through year-long written and online correspondence and face-to-face contact during the exchange. These experiences demonstrate that Aberdeen City Council is committed to ensuring that young people of the city become global citizens, as required in the Curriculum for Excellence.

School pupils and teachers are investigating options to financially support the project, including social enterprise activities. An initial plan is for pupils from both cities to work with the Design and Technology

Departments in the autumn term to create wooden Christmas decorations. Half of the decorations will be kept in school, with the other half being sent to the partner school. Decorations will be sold at Christmas Fayres and Markets in both schools with all proceeds contributing to the outgoing exchange in May and any surplus supporting the programme in future years. Pupils have also discussed other fundraising opportunities including hosting Scottish/Bavarian stalls at school events, such as a photo booth where pupils can dress up in traditional clothes. Both schools are committed to ensuring the sustainability of the project and are investigating future funding streams, including UK German Connection.

This application seeks a total of £10,000 to support costs associated with hosting pupils from Regensburg in October and reciprocal travel costs by a group from Harlaw Academy to Regensburg in May 2016.

Expenditure	
Flights	£10,000
Accommodation	£4,000
Subsistence	£2,000
Internal Transport	£2,000
Activities	£2,000
Total	£20,000
Income	
Contribution from Stadt Regensburg	£10,000
Total	£10,000
Expenditure-Income	£20,000-10,000
Total requested	£10,000

ii) Contribution of £1,300 towards a visit by trustees of Friends of Gomel to Gomel to support established projects and develop new partnerships, 6-13 April 2016

‘Friends of Gomel’ is a registered charity based in Aberdeen which aids projects and partnerships between the two twin cities. Four members of the board intend to visit Gomel in April 2016. Whilst in Gomel, the trustees will evaluate the effectiveness of projects which they have previously financially supported and seek to develop new partnerships.

Friends of Gomel was established in 1991. The main objectives of the charity are to advance community development; advance the arts, heritage, culture and science; and to offer assistance to those in need.

They achieve these objectives by increasing awareness of Gomel and the twinning agreement; encouraging partnerships between groups and organisations in both cities; raising funds and providing goods and services to those in need in Gomel; and working across statutory, voluntary and private organisations in both cities to ensure efficient co-ordination of activities, including HomeStart, University of Aberdeen and Aberdeen-Gomel Trust.

A three year period has lapsed since the Trustees last visited Gomel in Spring 2013. During this time some new projects have requested financial assistance - such as a respite home for underprivileged Gomel children - and existing ones expanded - such as the donation of tools and equipment to Gomel Technical College. In order to assess whether the contributions and support made by the charity are effectively targeting relevant issues and ensuring value for money, the Trustees will travel to Gomel to meet with the organisations delivering the projects. The Trustees representing Friends of Gomel during the visit comprise of the charity's Chair, Vice-Chair, Secretary and Ordinary Member. The Vice-Chair of the charity is also an Elected Member.

During their visit the Trustees will visit medical institutions (Diabetic and Cerebral Palsy Centres), educational organisations (secondary schools, Lyceum Technical College and Skarina University) and social welfare programmes (Gomel State Childrens' Centre). The opportunity for Trustees to meet with organisations and individuals and see the development of projects first-hand ensures that partnerships between the twin cities are effectively evaluated and continue to be supported. The delegation also intends to arrange for a civic meeting whilst in the city. Friends of Gomel hosted an official civic delegation from Gomel, which included the Chairperson, when delegates visited Aberdeen in June 2015 to celebrate the cities' 25th twinning anniversary. Maintaining civic relationships supports the twinning relationship on an official level – helping to gain Member support for projects and increasing awareness of the agreement through media.

Friends of Gomel will raise awareness of the twinning link and projects with Gomel on their return to Aberdeen. The delegates will give a report on their visit and their project to organisations connected with Gomel, including Twinning Aberdeen and Aberdeen Gomel Trust. They will also submit photos and articles for publication on the City Council's website, Friends of Gomel Newsletter and Aberdeen Council of Voluntary Organisation's E-bulletin.

Promoting the outcomes of this visit raises awareness of the charitable activities that Friends of Gomel undertake, creates an understanding of

the objectives of the charity and raises the profile of the projects which it supports. Travelling to Gomel enables Friends of Gomel to identify and target those most in need of financial and other assistance. The successful implementation of projects between the cities ensures the continued success and growth of the twinning arrangement between Aberdeen and Gomel.

This application seeks a total of £1,300 which will contribute towards the air fares and visas of the delegates. The delegates and hosts in Gomel will meet all other costs, including accommodation, airport transfers, food and translation services.

Expenditure	
Flights	£1,160
Accommodation	£660
Subsistence	£360
Internal Transport	£220
Visas	£360
Total	£2,760
Income	
Contribution from participants	£1,460
Total	£1,460
Expenditure-Income	£2,760-1,460
Total requested	£1,300

iii) Contribution of £6,000 towards Kincorth Academy hosting a school exchange programme with Regensburg's Albertus Magnus Gymnasium in Aberdeen, 4-9 October 2015

Kincorth Academy established a partnership with Albertus Magnus Gymnasium in Regensburg last year. This year they will host a twin city school exchange with Albertus Magnus Gymnasium for the first time with teachers and pupils visiting Aberdeen this October. Pupils from Kincorth Academy are co-ordinating a programme which will expose their German counterparts to new cultural experiences as they participate in school activities and visit historic sites in the city. In doing so, they are provided with a unique experience in which they are acquiring communication and organisation skills essential for future employability.

A delegation of pupils and staff from Kincorth Academy visited Regensburg in October 2014 with the aim of developing a new twinning partnership between the two schools. Communications have been

ongoing throughout the year between pupils and staff which has culminated in plans for an annual exchange project. As Kincorth Academy visited Regensburg last year, they have extended an invitation to two teachers and ten pupils from Albertus Magnus Gymnasium to visit Aberdeen this October.

Whilst in Aberdeen, pupils from Regensburg will participate in the school day at Kincorth Academy - observing lessons and meeting peers throughout the school. The Kincorth Academy pupils who are directly involved in the exchange will create a social and cultural programme that complements the official school programme. This will ensure that their German counterparts gain a well-rounded experience of a young person's life in Aberdeen. The English and History Departments of the school are leading on the exchange. This will strongly influence the social programme as pupils from both schools will visit the historic and tourist areas of Old Aberdeen and Foot Dee as well as learning about more modern industrial history by touring the harbour.

From the initial exploratory visit to Regensburg last year, Kincorth Academy have instilled a sense of ownership of the exchange within pupils. Pupils have directly contributed to ideas for the programme and are fundraising to support activities undertaken whilst their peers are in Aberdeen. Cultivating such a programme provides young people from the city with a unique cultural experience and enables them with essential employability skills as they organise programmes and liaise with international peers.

The presence of German pupils at Kincorth Academy promotes the exchange and twinning relationship to pupils throughout the school, including those not directly involved in the exchange. This piques interest from younger pupils who are made aware of the opportunities that will be provided to them in future years by the exchange, encouraging them to think of themselves as 'global citizens'. Generating interest from younger pupils at this stage ensures that there is interest from them to make exchange sustainable in the future. Kincorth Academy are aware of the 'three-strikes' system which the International Twinning Grant operates and are already exploring future funding opportunities through external bodies, such as UK-German Connection.

This application from Kincorth Academy seeks a contribution of £6,000 to support the accommodation, food, transport and activities of pupils from Albertus Magnus Gymnasium during their visit to Aberdeen in

October 2015. Stadt Regensburg will finance the groups travel to Aberdeen and pupils from both schools will fundraise to support activities.

Expenditure	
Flights	£6,000
Accommodation	£1,620
Subsistence	£2,880
Activities	£1,300
Internal transport	£500
Total	£12,300
Income	
Contribution from Stadt Regensburg	£6,000
Fundraising	£300
Total	£6,300
Expenditure-Income	£12,300-6,300
Total requested	£6,000

- iv) **Contribution of £2,940 towards the attendance of a civic delegation and music group from Stavanger at Aberdeen's annual Christmas Tree Light Switch-On Ceremony to celebrate the 25th twinning anniversary of the two cities, 26 November 2015**

The 25th anniversary of Aberdeen's twinning agreement with Stavanger takes place in 2015. A significant annual event which marks the cities' twinning is the gift of the Norwegian Christmas Tree by Stavanger to Aberdeen. A public event followed by civic reception to mark the occasion will take place during Aberdeen's Winter Festival in celebration of the tree and the anniversary. To enhance the event and officially commemorate the anniversary an invitation will be issued to the Mayor of Stavanger to attend and the presence of traditional musicians to perform at the event requested.

Several projects have been cultivated between organisations in Aberdeen and Stavanger in the 25 years since the cities signed a twinning agreement. Successful partnerships have been developed between organisations such as the Scouts and Jazz Festivals and business and economic links have been strengthened. A key symbolic partnership between the two cities is the Christmas Tree which Stavanger gifts to Aberdeen each November. The lighting of the Christmas Tree, based in the Castlegate area, is a popular event in the city's Winter Festival Programme which can attract an audience of up

to 1500 people to the city centre. Musicians entertain audiences and readings from local and Norwegian churches and civic dignitaries take place at the event.

It has been a long-standing tradition between Stavanger and Aberdeen that musical performers from Norway perform at the event. The presence of a Norwegian music group at the event will engage local audiences with different music traditions and raise the profile of Aberdeen's twinning links with Stavanger. The group have been asked to dress in traditional costume and will promote Norwegian customs and traditions in keeping with the festivities. As well as playing at the Christmas Tree Ceremony in the evening, the group will perform at various venues throughout the day such as city libraries and shopping centres to raise the profile of the twinning relationship to different audiences and promote the event with the aim of increasing audience figures that evening.

Following the event, a civic reception to mark the 25th anniversary of Aberdeen and Stavanger's twinning is planned. The Mayor of Stavanger and up to two other dignitaries from Stavanger have been invited to attend the event and civic reception afterwards. Whilst in Aberdeen, a programme will be created for the Mayor which will also include visits to existing and prospective educational, cultural and economic partnerships and projects between the two cities. Extending an invitation to the Mayor of Stavanger to attend the Christmas Tree Light Switch-on Ceremony recognises the importance of town twinning activities and ensures that civic relations are maintained between the two cities.

Aberdeen and Stavanger share strong business and economic links and efforts continue to build more cultural and social links into the twinning and business partnership. An invitation to Stavanger to participate in the Christmas Tree Light Switch On will demonstrate our continued desire to work together and develop cultural and business links with their city. An extra £10,000 has been allocated to the International Twinning Budget this year to support such projects that celebrate significant twinning anniversaries.

The application requests a total of £2,940 to cover the cost of accommodation, food and transport of three civic dignitaries and up to five musicians whilst in Aberdeen. Stavanger Kommune and Greater Stavanger will cover the cost of air flights to and from Aberdeen.

Expenditure	
Flights	£3,200

Accommodation	£1,600
Subsistence	£740
Internal Transport	£400
Contingency	£200
Total	£6,140
Income	
Contribution from Stavanger Kommune and Greater Stavanger	£3,200
Total	£3,200
Expenditure-Income	£6,140-3,200
Total requested	£2,940

6. IMPACT

Aberdeen – the Smarter City

- We will promote Aberdeen as a great place to live, bring up a family, do business and visit.
- We will ensure that Union Street regains its position as the heart of the city and move cultural activity centre-stage through re-invigorated cultural leadership.

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.

Promoting and supporting international exchanges, involving various communities of interest, significantly contributes to Aberdeen City Council Vision as outlined above and to the actions of the Single Outcome Agreement. The outlined twinning projects also align with the cultural strategy vision as it allows for improved communication of cultural opportunities, helps with changing the perception of the city, to develop a stronger cultural identity and to have increased levels of effective partnership working.

Aberdeen's twin city partnership initiatives:

- Foster international understanding and friendship and an appreciation of cultural diversity;
 - Provide Aberdeen's citizens with an awareness of, and insight into, international issues and perspectives and their impact on Aberdeen and Scotland;
 - Promote the image and raise the profile of the city overseas;
- and
- Provide a forum for the exchange of knowledge, expertise, skills, ideas and best practice in any given field.

Opportunities for groups, communities and organisations to access twin city projects and exchanges and for possible sources of funding are advertised through the Council's website, press releases, school circulars where appropriate and the Aberdeen Council of Voluntary Organisations e-bulletin.

Human Rights, Equalities and Diversity: Aberdeen City Council has in place a range of statutory and discretionary plans, schemes and policies to promote equality. Officers endeavour to target groups and communities which have not previously had experience of international visits or exchanges, or have been under-represented in twin city activities. Applicants complete an equal opportunities monitoring form as part of the application process.

8. BACKGROUND PAPERS

None used

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources
DATE	15 September 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Condition & Suitability 3 Year Programme
REPORT NUMBER	CHI/15/170
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report seeks approval of a three year Condition and Suitability Programme. This replaces the current annual programme.

2. RECOMMENDATION(S)

The Committee are asked to:-

- a) Note the projects completed or legally committed in 2015/16 as shown in Appendix A.
- b) Note the currently approved projects and approve amended budgets as shown in Appendix B.
- c) Approve the new Condition & Suitability Programme projects listed in Appendix C for inclusion in the 3 year programme.
- d) Instruct the Head of Land & Property Assets to implement the detailed 3 year programme.
- e) Delegate authority to the Head of Land & Property Assets, in consultation with the SIP & Capital Review Group and the Convenor and Vice-Convenor of this Committee, to amend the Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported to the Committee as a bulletin report.
- f) Delegate authority to the Head of Land & Property Assets, in consultation with the SIP & Capital Review Group and the Convenor and Vice-Convenor of this Committee, to allocate projects or additional budgets to/from a £500k contingency fund, with such allocations to be reported to the Committee as a bulletin report.
- g) (i) Authorise the Director of Communities Housing & Infrastructure, the Head of Land & Property Assets and the Asset Management Manager, in

connection with the Programme, to undertake or instruct tendering procedures or competitive quotes procedures as appropriate and the awarding of contracts following thereon, subject to the necessary funding being available in the approved Non-Housing Capital Budget and

(ii) exempt all such procedures and contracts from Standing Order 1(3) of the Council's Standing Orders relating to Contracts and Procurement.

h) Note the future condition and suitability projects listed in Appendix D.

3. FINANCIAL IMPLICATIONS

Expenditure will be in accordance with the Council's approved Non-Housing Capital budget. The budget identified in years 1-3 in the Capital programme for the Condition & Suitability (C&S) programme is £25.41m. Completed or legally committed projects account for £7.5m, approved projects amount to £7.32m with the remainder of the £25.4m to be allocated as detailed.

To manage unexpected costs a contingency fund budget of £500k will not be allocated at this time. This budget will be used to accommodate increased budgetary requirements or urgent projects not previously identified.

There will be flexibility within the 3 year programme for approved projects to move between financial years, however the overall spend will remain within the total budgeted profile.

Tendering is carried out in line with Communities Housing & Infrastructure procedures to ensure best value. These procedures are reviewed in consultation with the Commercial & Procurement Service.

4. OTHER IMPLICATIONS

Certain works contained within the programme relate to Health & Safety, Fire Risk and DDA matters and are necessary to enable compliance with statutory requirements. Although some projects are identified for inclusion in this programme, these elements require to be flexible as inspections by Health & Safety and by the Chief Fire Officer may require additional works to be carried out at short notice.

Some of the proposed works will require the obtaining of a Building Warrant or Planning Approval prior to commencing.

It should be noted that the proposed funding level for the C&S programme is not sufficient to address the backlog maintenance or all the suitability issues detailed in the Council's Property Asset Management Plan. It primarily focuses on wind & watertight works, Health & Safety works and mechanical/electrical issues. Even with this focus it will not be able to address all the higher category works identified within the condition surveys and it will be very difficult to improve suitability. In addition lower category works such as replacement of internal doors, replacement of fixtures/fittings or flooring are

generally not considered for inclusion within the C&S programme. These may be more sensibly funded from devolved budgets within individual services e.g. Developed Education Management Budgets.

There are significant risks attached to not tackling the backlog, which could have implications such as property closures, adverse publicity and loss of value. To minimise this risk, projects are carefully selected taking into account various factors including condition, Health & Safety issues and types of users.

5. BACKGROUND/MAIN ISSUES

This report brings together, for Members' approval, the proposed 3 year programme (2015/16 – 2017/18) for the C&S works on the Council's non-housing property stock. The total budget allocation for the 3 years is £25.41m. This programme was prepared utilising the detailed property information gathered as part of the development of the Property Asset Management Plan, and after discussions with all the relevant Services. It was approved by the SIP Capital Review Group on 20 August 2015.

Previous C&S reports have requested approval of an annual programme of works. A move to a 3 year programme allows for more efficient and longer term programming of projects which is particularly important for assets such as schools where carrying out work is limited to holiday periods. A 3 year programme also creates greater opportunities for grouping projects together which may result in procurement savings.

Proposed 3 Year Programme

Projects with a value of £6.26m have already been completed to date or are legally committed in 2015/16. The completed and legally committed are detailed in **Appendix A**. A further £7.55m is allocated to currently approved projects. As certain projects have advanced it is apparent that the initial budgets are inadequate and need to be updated. This increase has been slightly offset by projects either coming in under budget or expected to do so. The net effect of this is an additional budget requirement of £0.536m. The currently approved projects are shown in **Appendix B**. A confidential version of Appendix B is included within today's confidential reports, which details the approximate cost for each project and the revised budgets where applicable.

The above allocations leave £10.56m available for new projects to allow the continued condition and suitability work to be progressed. Significant elements of the programme are specifically aimed at increasing the expected useful life of the buildings. The proposed programme is contained in **Appendix C**. A confidential version of Appendix C is included within today's confidential reports, which details the approximate cost for each project.

£500k has been left unallocated. The recommendation is for this to be used as a reserve fund which can address increased budgetary demands for individual projects or be allocated to urgent projects not previously identified.

The proposed allocation of the £25.41m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£6,263,000
Currently Approved Projects	£7,549,000
Additional Budget for Approved Projects	£536,000
New Projects	£10,562,000
Reserve Fund	£500,000
Total	£25,410,000

The provisional 3 year programme will allow substitution of projects should it not be possible to implement any of the projects on the primary list, or should a statutory requirement arise. Potential projects for future programmes have been identified and could be brought forward in some instances. These projects are shown in **Appendix D**. It should be noted that Appendix D is not a definitive list of the capital spend required.

In addition to the major works contained in the overall programme, a combined sum of £700k has been identified for minor works (£200k already approved and an additional £500k). These works are primarily related to Health and Safety, Asbestos removal and Disability Discrimination Act projects. This list requires to be flexible as works often have to be carried out at short notice to address health and safety issues or to remove asbestos after it has been identified. An approximate allocation of the £700k is :-

	2015/16	2016/17	2017/18
Asbestos Removal	£100,000	£175,000	£175,000
	Example - Removal of asbestos debris in ducts at Cornhill Primary	Example - Removal of asbestos in Boiler House at St Peters School	Example - Removal of asbestos debris in ducts at Westpark School
Unsafe play equipment removal	£15,000	£15,000	£15,000
	Example – Removal of equipment at Portal Terrace	To be programmed	To be programmed
General H&S Works	£60,000	£20,000	£20,000
	Example - Queen Street Entrance security barriers	To be programmed	To be programmed
Fire Risk Audit works	£15,000	£20,000	£20,000
	Example - Provision of Evac chairs at the Town House	To be programmed	To be programmed
Legionella related works	£10,000	£20,000	£20,000
	Example - Holy Family School Servery	To be programmed	To be programmed

Standing Orders relating to Contracts and Procurement

When inviting tenders or awarding contracts Standing Order 1(3) as shown below should be followed.

"1(3) No tender shall be invited or contract entered into unless the total estimated expenditure has been previously approved by the Council. This requires specific full Council or Committee approval or the use of appropriate delegated powers. The allocation of a budget as part of the Council's budget setting process is insufficient."

However it should also be noted that standing order 1(6)(a) as shown below allows for an exemption when justified by special circumstances.

"1(6) Subject to compliance with the provisions of the 2012 Regulations or any other rule of law, any contract may be exempted from any or all of the provisions of Part A of these Standing Orders: -

(a) by the Council or any competent Committee thereof, provided the Council or Committee is satisfied that the exemption is justified by special circumstances. A record shall be kept of these circumstances."

It is recommended that the Committee grant such an exemption from Standing Order 1(3) (prior approval of expenditure) for the contracts within the C&S programme for two primary reasons. Firstly the programme will comprise of over 100 individual projects, which under standing order 1(3) would require Council approval of each contract. This would be very time consuming and create a potentially unnecessary burden on Officers and this Committee.

Secondly projects could potentially be delayed if contracts could not be tendered until after Committee approval is granted. This could make the overall programme unachievable within the timescales. Some works also have to be undertaken as a matter of urgency to maintain service delivery or the fabric of property.

Monitoring and Reporting of Programme

Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes monthly progress reports to the SIP & Capital Review Group led by the Corporate Director for Communities Housing & Infrastructure. In addition progress is reported to this Committee as part of the regular Strategic Infrastructure Plan and Capital Programme report.

An annual report to this Committee will be required to add a further year to the programme and revise any individual budgets if necessary. Bulletin reports will be submitted in line with recommendations e) and f).

Property Asset Management Plan

As part of the 2013 Property Asset Management Plan (PAMP) the following vision for property assets was stated:-

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

In terms of Condition and Suitability this means that the aim is to have all assets in A or B Condition and A or B Suitability. The definitions of the gradings are contained in **Appendix E**. The Condition and Suitability programme clearly has an important role in supporting this vision and has been compiled accordingly.

Targets for improving the percentage of assets in satisfactory condition and reducing the backlog maintenance are also identified in the 2014 PAMP update. This programme along with the rationalisation of our portfolio and the main capital programme will provide the main tools for meeting these targets.

6. IMPACT

Corporate - The continued implementation of Asset Management will ensure that the Council is utilising its assets to support Services in implementing the Single Outcome Agreement. In addition the plan contributes to achieving the vision set out in 'Aberdeen: The Smarter City'. Property assets have a particularly important role to play in Smarter Living, Smarter People and Smarter Environment.

Public - The continuing improvement to the Council's properties through good asset management practices will help ensure that services are being delivered from buildings that are "fit for purpose". This report may also be of interest to the public as it outlines the Council's capital spending on assets.

7. MANAGEMENT OF RISK

Robust procedures are in place for the management of projects within the programme. This includes managing asbestos, building warrants and adherence to the Construction, Design & Management Regulations.

Ongoing monitoring of the programme and all other capital projects by Officers helps ensure the delivery of the overall capital programme. In addition the recommendations of this report allow changes to the programme to deal with priorities and reduce the risk to users/buildings in some cases.

8. BACKGROUND PAPERS

Property Asset Management Plan Update bulletin report to 9 September 2014
Property Sub Committee.

9. REPORT AUTHOR DETAILS

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Location	Property Type	Service	Proposed Works	Notes	Likely Financial Year
116 Westburn Road	Family Centre	E&CS	Renew drainage in car park.	More comprehensive work required to reduce flooding risk to building.	2015/16
Aberdeen Crematorium	Crematorium	CH&I	Resurfacing of car parks and upgrade steps leading from small car park.		2015/16
Aberdeen Crematorium	Crematorium	CH&I	Refurbishment of chapels and public areas.	Phase 2 to be added to form one budget.	2016/17
Beach Ballroom	Leisure Facility	E&CS	Inspection of main ballroom lowered and concealed ceilings, walkways, lighting, winch gear, redundant equipment and electrics.		2015/16
Beach Ballroom	Leisure Facility	E&CS	Access issues, ceiling, safety issues, electrics all associated with main ballroom ceiling/roof.		2016/17
Bramble Brae Primary School	School - Primary	E&CS	Refurbishment of toilet blocks. Phase 1.		2016/17
Bridge of Don Academy	School - Secondary	E&CS	Comprehensive lighting replacement.		2016/17
Broomhill Primary School	School - Primary	E&CS	Roof replacement and repairs to roof light. Include external decoration to be funded from R&M.	Required to resolve significant water penetration issues.	2016/17
Bucksburn Depot	Depot	CH&I	Replacement roller doors.		2016/17
Central Library	Library	E&CS	Roof & ceiling works. (Potential to include loft insulation via CEEF).	Required to resolve significant water penetration issues.	2016/17
Cornhill Primary School	School - Primary	E&CS	Kitchen refurbishment including ventilation and heating improvements.	Detailed design work and estimates identified additional budget required.	2016/17
Cummings Park Community Centre	Community Centre	CH&I	Replacement Windows, External Doors and Surface Drainage Works		2016/17
David Welch Winter Garden	Leisure Facility	CH&I	Structural repairs phase 3.	Fern House, Scented Corridor and double growing house. Tender return greater than estimate.	2015/16
Duthie Park Workshops	Depot	CH&I	Further improvements to staff accommodation.	Additional asbestos removal required.	2016/17
Dyce Academy	School - Secondary	E&CS	Partial refurbishment of ground floor toilets (vanity units and urinals). Phase 1.		2016/17
Dyce Community Centre	Community Centre	CH&I	Replacement windows and flat roof replacement (refurbishment).	Developer contributions will be available in the future. Detailed design work and estimates identified additional budget required.	2015/16
Dyce Primary	Community Centre	CH&I	Oil to gas heating replacement and BEMS replacement. Cold water services and tank replacement. CEEF to fund majority of project.	CEEF to provide funding for majority of project.	2016/17
Fergus House	Home for the Elderly	H&SCP	New lift installation.		2016/17
Greenbrae Primary School	School - Primary	E&CS	Replace external ramps.		2016/17
Greenbrae Primary School	School - Primary	E&CS	Internal reconfiguration/improvements to support extension project.	Part of overall extension project (not additional funds).	2016/17
Harlaw Academy	School - Secondary	E&CS	Refurbishment of link corridor including window replacements, works to internal walls and heater replacements.		2016/17
Harlaw Academy	School - Secondary	E&CS	Replacement of roofs (2nd Floor). Include external decoration to be funded from R&M.	Roofs are in C (Poor) condition.	2016/17
Hazlehead Park Public Convenience	Public Convenience	CH&I	Replace with Automated unit.	Old building no longer in use.	2016/17
Hazlehead Pets Corner	Leisure Facility	CH&I	Refurbish/rebuild poor condition buildings.	Asset is in C (poor) condition overall. Detailed design work and estimates identified additional budget required.	2016/17
Health & Safety Budget	Various	CH&I	Asbestos removal, fire risk assessment works and DDA works.	Year 1 budget.	2015/16
Kincorth Childrens Home	Childrens Home	E&CS	Electrical Upgrade.	Revenue in place to replace kitchens. Would benefit from electrical upgrade to complement work.	2016/17
Kittybrewster Depot	Depot	CH&I	Fire Risk assessment Works.		2016/17
Kittybrewster Depot	Depot	CH&I	Improvements to Electrical Installation (& heating).		2016/17
Kittybrewster Depot	Depot	CH&I	New washbay.		2016/17
Memorials in City Centre (2015)	Head Stones	CH&I	Stabilisation and H & S Works.	Year 1 budget.	2015/16
Muirfield School	School - Primary	E&CS	Refurbishment of 1 boys and 1 girls toilets and Refurbishment of remaining toilets.		2015/16
Newhills Churchyard Cemetery	Cemetery	CH&I	Car park resurface.		2015/16
Playground Equipment	Playground Equipme	CH&I		Year 1 budget.	2015/16

Powis Community Centre	Community Centre	CH&I	Heating replacement, timber/rot treatment, asbestos removal, electrical rewire and structural repairs to stairs.	Heating is in C (Poor) condition. Other works required to support heating replacement.	2015/16
Rosemount Community Centre	Community Learning	CH&I	Various External works (including works to boundary wall).		2016/17
Rosemount Community Centre	Community Learning	CH&I	External improvements.		2016/17
Rubislaw Playing Fields Pavilion	Sports Pavilion	E&CS	Floor issues to be resolved.	Part of building currently closed.	2016/17
Rubislaw Playing Fields Pavilion	Sports Pavilion	E&CS	Artificial pitch replacement.	Ongoing pitch replacements.	2016/17
St Machar Academy Pavilion	Sports Pavilion	E&CS	External refurbishment.	Building is in C (Poor) condition. Detailed design work and estimates identified additional budget required.	2015/16
Stocket Parade Hostel	Group Home	H&SCP	Refurbishment & Window Replacement Phase 1 & 2.		2015/16
Sunnybank School	School - Primary	E&CS	Resurface playground.		2015/16
The Bush, Peterculter Roads Depot	Depot	CH&I	Replace timber roller doors.	Doors are in C (Poor) condition.	2016/17
Tullos Artificial Pitch	School - Primary	CH&I	Artificial pitch replacement.	Ongoing pitch replacements.	2016/17
Tullos Community Centre	Community Learning	CH&I	Roof works and internal concrete repairs.		2016/17
Tullos Primary School	School - Primary	E&CS	Roof works and internal concrete repairs.		2016/17
Tullos Primary School	School - Primary	E&CS	Building Energy Management System (BEMS) replacement.	Budget realigned to match spend on similar projects.	2016/17
Westburn Park Depot	Depot	CH&I	Major refurbishment and improvements.	Building is in D (Bad) condition.	2016/17
Whitemyres Units, Whitemyres Avenue	Depot	CG	Roof drainage improvements/replacement.		2016/17

Location	Property Type	Service	Proposed Works	Notes	Likely Financial Year
Abbotswell Primary School	School-Primary	E&CS	2's provision improvements.	Part of Early Learning and Childcare – statutory Increase in provision.	2016/17
Aberdeen Crematorium	Crematorium	CH&I	Phase 2 of chapel refurbishment and public areas.		2016/17
Aberdeen Grammar School	School-Secondary	E&CS	Flat roof replacements. Link Corridor, Tech Block, Dining/Kitchen and Music (1st Floor).	Roofs are in C (Poor) condition.	2017/18
Ashgrove Nursery Infant School	Family Centre	E&CS	Establish forest nursery - 2's provision.		2016/17
Beach Ballroom	Hall	E&CS	Window replacements. Phase 1 - ground floor.	Windows are in C (Poor) condition.	2017/18
Bramble Brae Primary School	School-Primary	E&CS	Replacement heating controls.		2016/17
Bramble Brae Primary School	School-Primary	E&CS	Refurbishment of two toilet blocks.		2016/17
Bridge Of Don Swimming Pool	Swimming Pool	E&CS	Replacement of roof and solar panels. CEEF to provide funding.	Roofs is in C (Poor) condition.	2017/18
Broomhill Primary School	School-Primary	E&CS	Replacement of link corridor roof.		2016/17
Broomhill Primary School	School-Primary	E&CS	Window replacements throughout. Phased programme.	Windows are in C (Poor) condition.	2017/18
Cornhill Primary School	School-Primary	E&CS	Toilet refurbishment of main pupil toilets including creation of disabled facilities.		2017/18
Cornhill Primary School	School-Primary	E&CS	Kitchen window replacements.	Windows are in C (Poor) condition.	2016/17
Cove Library	Library	E&CS	Issues with curtain walling to be resolved.	Ongoing issues with vandalism and prohibitive repair costs.	2016/17
Culter School	School-Primary	E&CS	New platform lift for reaching dining hall.		2016/17
Cults Primary School	School-Primary	E&CS	Create ramped access for North Block.		2016/17
Cummings Park Community Centre	Community Centre (Leased)	CH&I	Replacement of defective box guttering and downpipes.		2016/17
David Welch Winter Gardens	Leisure Facility	CH&I	Phase 4 of greenhouse refurb.		2017/18
Denmore Depot Denmore Gardens	Depot	CH&I	Refurbishment of external areas and welfare facilities. Rationalise buildings on site.	Asset is C (Poor) condition overall.	2017/18
Dyce Academy	School-Secondary	E&CS	Flat roof replacement to sports wing, including widening of gully outlets. PV panels.		2016/17
Dyce Academy	School-Secondary	E&CS	Partial refurbishment of ground floor toilets (vanity units and urinals). Phase 2.		2016/17
Fergus House	Home For the Elderly	H&SCP	Replacement call system.		2017/18
Fernielea Primary School	School-Primary	E&CS	Further roof replacements.		2016/17
Gilcomstoun School	School-Primary	E&CS	Replacement of flat roofs/drainage. Include external decoration to be funded from R&M (£20k). Window Replacements (single glazing) and external doors. Upgrade ventilation in ladies staff toilets.		2017/18
Harlaw Playing Fields Pavilion	Sports Pavilion	E&CS	Refurbishment and access improvements (DDA). Include external decoration to be funded from R&M. Increased use planned by E&CS.	Asset is C (Poor) condition overall.	2016/17
Harlaw Playing Fields Pavilion	Sports Pavilion	E&CS	Oil to gas heating replacement.		2017/18
Hazlehead Academy	School-Secondary	E&CS	Artificial pitch replacement.	Ongoing pitch replacements.	2016/17
Health & Safety Budget	Various	CH&I	Covered in approved projects.	Combined 2 year budget.	2017/18
House 145 Gardner Road	Group Home	H&SCP	Window replacements.	Windows are in C (Poor) condition.	2017/18
Kingswells Primary School	School-Primary	E&CS	Establish forest nursery - 2's provision.	Part of Early Learning and Childcare – statutory Increase in provision.	2016/17
Kittybrewster School	School-Primary	E&CS	Production kitchen refurbishment. R&M contribution (£20k).		2017/18
Kittybrewster School	School-Primary	E&CS	Internal alterations for 2's provision.	Part of Early Learning and Childcare – statutory Increase in provision.	2016/17
Leadside Road (Former) Community Centre	Surplus Asset	CH&I	Demolition - unsafe building.		2016/17
Lord Provost Henry E Rae Community Centre	Community Centre (Leased)	CH&I	Refurbishment and reconfiguration to support extension.	Part of overall extension project (not additional funds).	2016/17
Mastrick Library	Library	E&CS	Window replacements.	Windows are in C (Poor) condition.	2017/18
Memorials in City Centre	Head stones	CH&I	Stabilisation works.	Combined 2 year budget.	2017/18
Muirfield School	School-Primary	E&CS	Nursery alterations and toilet alterations to meet Care Inspectorate requirements.		2016/17
Northfield Academy	School-Secondary	E&CS	Resolve drainage/waste issues associated with toilets.		2017/18

Appendix C - New Projects

Old Aberdeen House	Office	CG	Refurbishment of public areas and replacement of single glazed windows.	Windows are in C (Poor) condition.	2017/18
Old Aberdeen House	Office	CG	Upgrade of fire alarm system and emergency lighting.		2017/18
Play Ground Equipment (Various)	Playground equipment	CH&I	Ongoing replacement programme.	Combined 2 year budget.	2017/18
Rosemount Community Centre	Community Learning Centre	CH&I	Ground floor male toilet refurbishment. Part funded by revenue.		2017/18
Rosemount Community Centre	Community Learning Centre	CH&I	Fire escape improvements at ground floor gym.		2016/17
St Machar Academy	School-Secondary	E&CS	Phase 2 of pavilion refurb.		2017/18
Stocket Parade Hostel	Group Home	H&SCP	Kitchen and bathroom refurbishment.		2017/18
Sunnybank School	School-Primary	E&CS	Replacement windows to West block and external doors. Repointing to south elevation.	Windows are in C (Poor) condition.	2016/17
Tolbooth Museum	Museum	E&CS	Major roof and parapet works.		2017/18
Town House	Office	CH&I	Major repairs to clock tower.		2015/16
Tullos Primary School	School-Primary	E&CS	Replacement of boundary fence approx 800Lm in length.		2017/18
Walker Road School	School-Primary	E&CS	New all weather play surface.		2016/17
Woodside School	School-Primary	E&CS	Pitched roof refurbishment.		2017/18
Woodside School	School-Primary	E&CS	Internal alterations for 2's provision.	Part of Early Learning and Childcare – statutory Increase in provision.	2016/17

Location	Property Type	Service	Proposed Works	Notes
Abbotswell Primary School	School-Primary	E&CS	Roof replacements to ground floor (lower) and link corridor.	Roofs are in C (Poor) condition.
Abbotswell Primary School	School-Primary	E&CS	Window replacements throughout. Include external decoration to be funded from R&M.	Windows are in C/D (Poor/Bad) condition.
Abbotswell Primary School	School-Primary	E&CS	Kitchen refurbishment. R&M contribution.	
Aberdeen Art Gallery	Museum	E&CS	Works not covered by capital project.	
Aberdeen Grammar School	School-Secondary	E&CS	Kitchen refurbishment including ventilation and heating improvements. R&M contribution.	Next kitchen project on the priority list.
Aberdeen Grammar School	School-Secondary	E&CS	Refurbishment of swimming pool changing facilities.	
Airychall Library	Library	E&CS	Window replacements - entire building.	Windows are in C (Poor) condition.
Ashley Road School	School-Primary	E&CS	Window replacement Phase 2 and external doors replacement. Include external decoration to be funded from R&M.	Windows are in C (Poor) condition and external doors are in D (Bad) condition.
Ashley Road School	School-Primary	E&CS	Victorian schools programme.	E&CS establishing considering most appropriate action.
Beach Ballroom	Hall	E&CS	Window replacements. Phase 2 - Basement and main ballroom.	Windows are in C (Poor) condition.
Bramble Brae Primary School	School-Primary	E&CS	Replacement windows. Include external decoration to be funded from R&M.	Windows are in D (Bad) condition.
Bramble Brae Primary School	School-Primary	E&CS	Replace corridor flooring.	
Bridge Of Don Academy	School-Secondary	E&CS	Refurbish toilet blocks. 3 girls and 3 boys.	
Bridge Of Don Community Centre	Community Learning Centre	CH&I	Refurbishment of community centre servery.	
Building & Works Depot Garthdee Depot	Depot	CH&I	Refurbishment and upgrade for asbestos collection.	
Building & Works Depot Mansefield Place Torry Depot	Depot	CH&I	Refurbishment and energy improvements.	
Cornhill Primary School	School-Primary	E&CS	Repoint walls and replace external doors in poor condition. Include external decoration to be funded from R&M.	Doors are in C (Poor) condition.
Cromdale Outdoor Centre	Outdoor Centre	E&CS	Toilet refurbishment and resolve storage issues.	
Cults Primary School	School-Primary	E&CS	Remaining felt flat roof replacements.	Roofs are in C (Poor) condition.
Cummings Park Community Centre	Community Centre (Leased)	CH&I	Replacement of poor condition flooring and ceilings.	
Depot Cairnwell Drive Mastrick Depot	Depot	CH&I	Refurbishment.	
Dyce Community Centre	Community Learning Centre	CH&I	DDA works.	
Fernielea Primary School	School-Primary	E&CS	Alterations to create additional classrooms.	
Ferryhill Library	Library	E&CS	Structural work to external walls. Along with associated works to roof and internal areas.	
Forehill School	School-Primary	E&CS	Heating replacement solution potentially covering all public buildings in the area.	
Forehill School	School-Primary	E&CS	Re-render external walls to main building. Include external decoration to be funded from R&M.	
Harlaw Academy	School-Secondary	E&CS	Replacement of single glazed windows in stair wells and external doors. Include external decoration to be funded from R&M.	Remaining windows are in C (Poor) condition.
Hazlehead Academy	School-Secondary	E&CS	Replace roofs, windows and external doors. Works to external walls also. Include external decoration to be funded from R&M.	
Hazlehead Lodge	Vacant Asset	CH&I	Refurbishment.	
Hazlehead Maze Building	Outdoor Sports Facility	CH&I	Refurbishment.	
Hazlehead Park Fountain	Fountain	CH&I	Refurbishment	
Kirkhill Primary School	School-Primary	E&CS	Replacement light fittings in dining and assembly halls.	
Kittybrewster Depot	Office	CH&I	Window replacements.	Windows are in C (Poor) condition.

Appendix D - Future Projects

Muirfield School	School-Primary	E&CS	Replace roof and windows to non teaching block. Include external decoration to be funded from R&M.	
Offices (upper Floors) 74-76 Spring Gardens	Office	H&SCP	Window replacements.	Windows are in D (Bad) condition.
Offices (upper Floors) 74-76 Spring Gardens	Office	H&SCP	Security improvements including external lighting and potentially CCTV.	
Oldmachar Academy	School-Secondary	E&CS	Artificial pitch replacement.	Ongoing pitch replacements.
Oldmachar Academy	School-Secondary	E&CS	Toilet refurbishments - phase 2.	
Oldmachar Academy	School-Secondary	E&CS	Modular class room replacement.	
Plant Nursery Hazledene Road	Nursery Gardens	CH&I	New combined Hazlehead Depot.	Business case process being progressed.
Playing Fields Pavilion Torry Academy	Sports Pavilion	E&CS	Refurbishment including upgrading foot fall access.	
Powis Community Centre	Community Centre (Leased)	CH&I	Window replacements.	Windows are in C (Poor) condition.
Provost Skene's House	Museum	E&CS	Electrical improvements. General improvements linked to Marischal Square Funding.	Business case process being progressed.
Quarryhill Primary School	School-Primary	E&CS	Re-render external walls. Include external decoration to be funded from R&M.	
Rosemount Community Centre	Community Learning Centre	CH&I	Window replacements - phase 2.	Windows are in C (Poor) condition.
Rosemount Community Centre	Community Learning Centre	CH&I	Damp proofing to gym and gym store.	
Ruthrieston Community Centre	Community Centre (Leased)	CH&I	Window replacements.	Windows are in C (Poor) condition.
Scotstown School	School-Primary	E&CS	Refurb of 2 remaining toilet blocks.	
St Machar Academy	School-Secondary	E&CS	Refurbishment of HE Kitchen. School to contribute.	
St Machar Academy	School-Secondary	E&CS	Replacement of single glazed windows. In courtyard and stairwells.	Windows are in C (Poor) condition.
St Machar Academy	School-Secondary	E&CS	Artificial Pitch Replacement.	Ongoing pitch replacements.
St Peter's R.C. Primary School	School-Primary	E&CS	Kitchen refurbishment including ventilation and heating improvements.	
St Peter's R.C. Primary School	School-Primary	E&CS	Roof replacement, external doors and work to external walls.	Asset is in C (poor) condition overall.
Sunnybank School	School-Primary	E&CS	Flat roof replacement to East block.	
Sunnybank School	School-Primary	E&CS	Reconfigure space to create additional classroom.	
Tillydrone Housing Office	Office	CH&I	Boiler replacement. On hold while Tillydrone Hub project progresses.	
Torry Youth And Leisure Centre	Sports Centre	E&CS	Main sports hall flooring replacement.	
Tullos Depot Site	Depot	CH&I	Refurbishment of depot subject to others closing.	Business case process to be followed.
Westburn House		CH&I	Structural survey & structural stability/H & S works.	
Woodside School	School-Primary	E&CS	Toilet refurbishments (Two Large Blocks).	

Condition

- A: Good - performing well and operating efficiently
- B: Satisfactory - performing adequately but showing minor deterioration
- C: Poor - showing major problems and/or not operating adequately
- D: Bad - life expired and/or serious risk of imminent failure

Suitability

- A: Good - performing well and operating efficiently. The buildings support the delivery of the service and are considered suitable for use now and in the future.
- B: Satisfactory - performing well but with minor issues. The buildings generally support the delivery of services and would be considered suitable. There is room for improvement in certain areas but the property is fundamentally okay.
- C: Poor - showing major problems and/or not operating optimally. The buildings impede the delivery of services and would not be considered suitable.
- D: Bad - does not support the delivery of services at all. The buildings seriously impede the delivery of services and would definitely not be considered suitable.

COMMITTEE	Finance Policy and Resources
DATE	15 September 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Business Loans Scotland
REPORT NUMBER:	CHI/15/255
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

The report outlines the opportunity for Aberdeen City Council to become a member of Business Loans Scotland, a proposed, pan-Scotland partnership initiative bringing together financial contributions from local authorities (30%), banks (30%) and European Regional Development Fund (40%) to create a business loan fund for Small and Medium Enterprises (SMEs).

2. RECOMMENDATION(S)

Committee is asked to

- a. approve Aberdeen City Council's membership of Business Loans Scotland
- b. approve Aberdeen City Council's 30% contribution of £75,000 per year for three years from within existing budgets, which would leverage a total loan fund for Aberdeen City companies of £250,000 per year for three years.

3. FINANCIAL IMPLICATIONS

The Fund will be made up of 30% contribution from Local Authority, 30% bank funding, 40% European Regional Development Fund (ERDF). It is up to each Local Authority to determine the amount of its own contribution and each Local Authority's contribution is ring-fenced for investment in its own area.

The Business Loans Scotland Business Plan 2015-2018 (Appendix One) offers suggested financial contributions by local authority based on a pro-rata share of the business population relative to demand/spend in the existing local authority loan funds (West of Scotland Loan Fund and East of Scotland Investment Fund), calculating a suggested Aberdeen City Council contribution of £325,000 per year. Alternatively it is proposed that a more modest sum be made available, namely an annual amount of £75,000 which, as a 30% contribution, would provide a total loan fund for Aberdeen City companies of £250,000 per year for three years.

The liability of Members of Business Loans Scotland is limited to £1.00.

The Business Loans Scotland Business Plan 2015-2018 (Appendix One) states in section 5.13 that “The Fund is fully aware of the State Aid rules and of the EU reference rate at which a loan is deemed to be a state aid. The interest rate for all loans is fixed at 6% for the term of the loan. Currently, BLS loans fall out with State Aid however the situation will be continually monitored to ensure state aid regulations are complied with.”

4. OTHER IMPLICATIONS

Governance: There will be three regional delivery areas, detailed in section 5 below, and a Board of Directors. Decisions on loans of up to £50k will be made locally, while decisions on loans of between £50k and £100k will be referred to a Regional Management Group.

5. BACKGROUND/MAIN ISSUES

Business Loans Scotland Ltd (BLS) is a proposed consortium of Scotland’s 32 local authorities, incorporated as a company limited by guarantee in March 2015, providing loan finance up to £100,000 to new and growing, small and medium-sized businesses (SMEs) across Scotland. The Fund is 100% public sector owned and controlled, and aims to start lending from 1 January 2016.

This new Fund builds on the existing local authority loan funds, the West of Scotland Loan Fund (WSLF) and the East of Scotland Investment Fund (ESIF), the assets of which will be transferred into the new company, and will offer membership to all Scottish local authorities. In addition to the former WSLF and ESIF, the loan portfolio of the South of Scotland Loan Scheme will also transfer to Business Loans Scotland Ltd. As such, 25 Local Authorities to date have joined, including Aberdeenshire Council.

This innovative public-private partnership fund will help accelerate the growth of businesses in Scotland, complementing other private and public sector forms of funding, creating significant leverage effects and engineering valuable growth in SMEs. As well as standardising the product offering, it will greatly increase the scale and operational efficiency of delivering a Local Authority loan fund to Scotland’s SMEs.

Evidence from the existing WSLF and ESIF clearly shows this type of supportive investment vehicle has a positive impact in terms of creating new employment opportunities as well as safeguarding existing jobs. WSLF has operated since 1996 and ESIF since 2010. Together, these funds have invested a total of £36 million to date, supporting over 1,700 businesses, generating increased turnover of £680 million and helped create and safeguard over 29,000 jobs.

In terms of demand for business loans, the SME Finance Monitor (Q1 2014, 5000 businesses surveyed) shows that:

- “Whilst most applications for renewed facilities are successful, the gap between these and successful new applications is widening. In Q1

2014, 96% of renewals were successful but only 37% of new applications.”

- “Smaller, newer businesses remained less likely to be successful and those declined reported limited support options being offered as an alternative.”
- SMEs are still discouraged to apply for bank lending as there remains an assumption, amongst new businesses in particular, that if they approach the bank for funding they would automatically be turned down due to their credit history and size and therefore did not ask.”
- “Generally the SME population is still showing signs of pressure in a difficult economic climate in terms of profitability, external risk rating, credit balances and use of overdraft facilities”.

BLS is seeking to benefit from an award of £7.2 million from the European Regional Development Fund (ERDF). Matched with funding from a Bank of £5.4 million and contributions from the Member Authorities totalling £5.4 million, a fund of £18 million will be created to be invested over a three year period to 30th September 2018. Annually, the Fund will have the capacity to invest circa £6 million, support circa 150 businesses and help create over 600 new jobs.

The Fund and its Local Authority Members will operate across three regional delivery areas covering the whole of Scotland:

East

- Aberdeen City Council
- Aberdeenshire Council
- Angus Council
- City of Edinburgh Council
- Clackmannanshire Council
- Dundee City Council
- East Lothian Council
- Falkirk Council
- Fife Council
- Midlothian Council
- Perth & Kinross Council
- Scottish Borders Council
- Stirling Council
- West Lothian Council

West

- Dumfries & Galloway Council
- East Ayrshire Council
- East Dunbartonshire Council
- East Renfrewshire Council
- Glasgow City Council
- Inverclyde Council
- North Ayrshire Council
- North Lanarkshire Council
- Renfrewshire Council

- South Ayrshire Council
- South Lanarkshire Council
- West Dunbartonshire Council

Highlands & Islands

- Argyll & Bute Council
- Eilean Siar
- Highland Council
- Moray Council
- Orkney Council
- Shetland Council

Aberdeen City Council has not operated a business loan scheme in some years and was in the process of exploring the renewal of the former Aberdeen Business Enterprise Scheme when the opportunity to participate in a more favourable (ie leveraging greater external investment) national scheme arose.

With businesses continuing to report access to finance as one of their critical barriers to growth, the opportunity to participate in a national business loan scheme which ring-fences the Local Authority's investment to the local area is a significant positive step to support the local SME community.

6. IMPACT

Active membership of the Scottish Business Loans Fund would contribute to the successful achievement of some of the economic and business development aspects of the Smarter Aberdeen agenda and the Single Outcome Agreement, including:

National Outcome 1 – We live in a Scotland that is the most attractive place for doing business in Europe

National Outcome 2 - We realise our full economic potential with more and better employment opportunities for our people

Local Outcome – Anchor the Oil and Gas Industry

Local Outcome – Diversification of the Economy

In addition, it is anticipated that active membership of the Fund would have the following positive impacts:

- substantially increase the supply of loan capital to new and growing, small and medium sized businesses in Aberdeen
- contribute directly to improving the business birth rate and creating the growth potential of those supported, as well as making a major contribution to job creation and wealth
- substantially address the “access to finance” barrier that exists for so many businesses in starting up, expanding and maintaining sustainability

7. MANAGEMENT OF RISK

The liability of Members of Business Loans Scotland is limited to £1.00. Arrangements for governance and due diligence are described in detail in the Appendices.

As part of the consultation process on this report, Legal and Democratic Services will work with the Economic Development Service to ensure there are no problems with the documentation and that a full legal review of the documentation is provided before the documents are signed.

8. BACKGROUND PAPERS

Business Loans Scotland Business Plan 2015-2018 (Appendix One)

Members' Agreement (Appendix Two)

Articles of Association (Appendix Three)

Membership Application (Appendix Four)

9. REPORT AUTHOR DETAILS

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BUSINESS LOANS SCOTLAND LTD
Company No. SC500710

DRAFT Business Plan 2015 – 18

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1. Executive Summary

1.1. Executive Summary

Business Loans Scotland Ltd (BLS) is a consortium of Scotland's 32 local authorities, incorporated as a company limited by guarantee in March 2015, providing loan finance up to £100,000 to new and growing, small and medium-sized businesses (SMEs) across Scotland.

This new Fund builds on the existing local authority loan funds, the West of Scotland Loan Fund (WSLF) and the East of Scotland Investment Fund (ESIF), the assets of which will be transferred into the new company, and will offer membership to all Scottish local authorities.

This innovative public-private partnership fund will help accelerate the growth of businesses in Scotland, complementing other private and public sector forms of funding, creating significant leverage effects and engineering valuable growth in SMEs. As well as standardising the product offering, it will greatly increase the scale and operational efficiency of delivering a Local Authority loan fund to Scotland's SMEs.

Evidence from the existing WSLF and ESIF clearly shows this type of supportive investment vehicle has a positive impact in terms of creating new employment opportunities as well as safeguarding existing jobs.

BLS is seeking to benefit from an award of £7.2 million from the European Regional Development Fund (ERDF). Matched with funding from a Bank of £5.4 million and contributions from the Member Authorities totalling £5.4 million, a fund of £18 million will be created to be invested over a three year period to 30th September 2018. Annually, the Fund will have the capacity to invest circa £6 million, support circa 150 businesses and help create over 600 new jobs.

This new fund will mean we are better placed to meet the needs of many of Scotland's "start-up" and "growing" businesses. Raising awareness of the new brand as a gap funder will be one of our initial priorities through marketing and also a direct approach to local businesses and their key influencers namely accountants, bankers and other public sector agencies.

The Fund has considerable resources to invest in SMEs and will substantially address the "access to finance" barrier that exists for so many businesses in starting up, expanding and maintaining sustainability. However, we must ensure that we also measure and manage the risks taken. Tools have been developed, based on experience from the successful West of Scotland Loan Fund (WSLF) and East of Scotland Investment Fund (ESIF) and reporting will be available to help ensure that we not only meet our economic development targets but also to ensure the sustainability of the Fund into the future.

The Fund can only be as good as the people it employs. We will constantly review training needs to ensure staff both at the centre and also within the various local authority members are fully equipped to ensure we maintain our high standards.

2. History, business and products

2.1. Background

Business Loans Scotland Ltd (BLS / the Fund), established in March 2015, is a company limited by guarantee. The Fund is 100% public sector owned and controlled and is a partnership of the 32 Scottish Local Authorities.

This new Fund builds on the existing loan funds, the West of Scotland Loan Fund (WSLF) and the East of Scotland Investment Fund (ESIF), both of which will be subsumed into the new company.

WSLF has operated since 1996 and ESIF since 2010. Together, these funds have invested a total of £36 million to date, supporting over 1,700 businesses, generating increased turnover of £680 million and helped create and safeguard over 29,000 jobs.

Over this time, the two funds have developed robust systems and processes and gained valuable experience which will be utilised by the new fund. The move to a single Scotland-wide fund will also bring benefits in the form of a standardised product offering and greatly increased scale and operational efficiency.

In addition to the former WSLF and ESIF, the loan portfolio of the South of Scotland Loan Scheme will also transfer to Business Loans Scotland Ltd.

The Fund and its Local Authority Members will operate across three regional delivery areas covering the whole of Scotland:

Highlands & Islands

- Argyll & Bute Council
- Eilean Siar
- Highland Council
- Moray Council
- Orkney Council
- Shetland Council

West

- Dumfries & Galloway Council
- East Ayrshire Council
- East Dunbartonshire Council
- East Renfrewshire Council
- Glasgow City Council
- Inverclyde Council
- North Ayrshire Council
- North Lanarkshire Council
- Renfrewshire Council
- South Ayrshire Council
- South Lanarkshire Council
- West Dunbartonshire Council

East

- Aberdeen City Council
- Aberdeenshire Council
- Angus Council
- City of Edinburgh Council
- Clackmannanshire Council

- Dundee City Council
- East Lothian Council
- Falkirk Council
- Fife Council
- Midlothian Council
- Perth & Kinross Council
- Scottish Borders Council
- Stirling Council
- West Lothian Council

A collective ERDF bid to the 2014-2020 European Structural Funds Programme is being actively encouraged by the Scottish Government and the fund is targeting an initial award of £7.2 million. This would be combined with a private sector contribution of £5.4 million from the Bank and Member Authority contributions totalling £5.4 million, creating a fund of £18 million to be invested during the period 2015 - 2018. This business plan covers that 3 year period and will be updated annually.

Details of the of the funding package and contributions are set out below;

	Funding Package
Member Authorities' contribution	5,400,000
Bank	5,400,000
European Regional Development Fund	7,200,000
Total	18,000,000

With the significant input of funds from the local authorities, the European Regional Development Fund and the Bank, Business Loans Scotland will be able to substantially increase the supply of loan capital to new and growing, small and medium sized businesses across Scotland. This will contribute directly to improving the business birth rate and creating the growth potential of those supported, as well as making a major contribution to job creation and wealth.

3. Market and competition

3.1. Product offering

The Fund offers gap-funding to small and medium-sized enterprises (SMEs) within its geographic area of operation up to a maximum of £100k and where either its contribution or the aggregate of all sources of public sector funding would not exceed 75% of the total funding package.

The fund is complementary to products available through the enterprise companies and Scottish Investment bank (see section 3.4 for details).

Applicant businesses should demonstrate that they have explored all available options including personal funds and borrowings, bank funding including factoring and asset finance and the potential for equity from venture capitalists. Any business approaching the Fund will receive support and advice from Business Gateway and local authority economic business support teams to help them reach this stage.

In addition to an up to date business plan and financial projections, applicant businesses will be required to submit, as appropriate, historical annual accounts and/or up to date management

accounts. This financial information must be no more than 3 months old at time of application and there must be no gaps between annual accounts and management accounts.

Security will be taken where appropriate for loans. This can be via a bond and floating charge and/or a standard security where business land and/or property is involved. Personal guarantees can also be taken where there is a lack of security or the risk is higher.

The Fund's focus is on new and growing businesses where there is evidence that, in supporting these businesses, additional economic and employment benefits can be secured for the region, including, inter alia:

- more robust and sustainable businesses
- new jobs - particularly better paid jobs
- safe-guarding of existing jobs, and,
- additional gross value added (GVA).

In order to warrant support, these applicant businesses must demonstrate that their business plans are viable, robust and sustainable. From the Fund's perspective, each business plan requires to be appraised in a professional and consistent manner to ensure any assistance will:

- be justified
- bring additionality to the local economy, and
- not create displacement in the local economy to the detriment of any other similar business.

The loan conditions are standard for all businesses. Interest is charged at 6% and businesses may seek up to six months capital holiday at the commencement of the loan. Repayment is by monthly direct debit.

The Fund will develop a robust Operations Manual which all Officers involved in the Fund will be required to follow to ensure a consistent approach and quality of service. At no time will the Fund displace private sector funding as the Fund's role is to address market failure.

3.2. Size of market

Using data from the Scottish Government, the number of registered SMEs in Scotland as at March 2014 was 164,230 an increase of circa 4% when compared to the same period at March 2013 (157,785). These SMEs account for 98.6% of all registered private sector enterprises in Scotland and employ 936,560 people.

A breakdown of the number of SMEs by member authority and by broad size bandings of up to 49 employees and from 50 to 249 employees can be found in Appendix 2. In addition, intelligence is provided on the number of businesses, the total Scottish employment and the turnover for each member authority within each broad size band.

The statistics demonstrate that, whilst we will lend to all businesses that meet the criteria, our main focus will be on the 0 to 49 employee band enterprises which account for circa 98% of our potential market - some 160,450 businesses.

3.3 Targeted market

The Fund can support any legally formed and trading business including the following:

- Sole Traders
- Partnerships
- Limited Companies
- Limited Liability Partnerships
- Co-operatives and

- Social Enterprises

The primary focus will be on businesses engaged in the Business to Business (B2B) and Business to Consumer (B2C) categories. Generally the eligible sectors can be classified as;

- Manufacturing
- Service to manufacturing
- Construction
- Wholesale
- Transport and Distribution
- Software
- Agriculture linked to farm diversification
- Tourism & tourism infrastructure
- Service based (providing they are not one of the sectors not normally eligible for support)

Each applicant will be required to demonstrate the additionality that their business/project will achieve at the local or Scottish economy level. Certain business activities which may not strictly adhere to the above sectors may be considered, including:

- Restaurants which support the local tourism product
- Retail activities in isolated settlements where there is no suitable alternative provider within the area or with a specific tourism focus
- Specialist B2C activities where key skills could be lost (e.g. specialist florists)

The following sectors are not normally eligible for support, however, some flexibility will exist to allow member authorities to target local priority sectors.

- Sale of Motor Vehicles
- Real Estate / Speculative Property Development
- Professional Services
- Social and Personal Services
- Local Services

3.4 Supply side

The supply of finance can be broadly broken down into two sources, namely the private sector and the public sector. An explanation of what is meant by each is as follows;

Private Sector:

1. Banks

This includes the “High Street” banks for loan and overdrafts, asset finance providers including hire purchase, lease finance and the various forms of debtor financing.

In addition, under the Enterprise Finance Guarantee banner, there are other private sector lenders such as:

- U K Steel Enterprise
- DSL Business Finance

2. Personal Equity:

This covers share capital, director’s loans and owner / partnership loans

3. Third Party Equity

This covers many potential sources, including:

- individual private investor already known to the business
- smaller scale individual investors accessed via organisations like LINC Scotland
- larger scale venture funds where several investors will individually take equity via a memo of understanding between the investors

- single venture fund investments
- “Crowd Funding”, a new and innovative way to raise capital by usually leveraging small amounts of money from many sources

Public Sector

Funding from the public sector is usually through the provision of either grant or loan funding each counting as part of the public sector contribution to the funding package to match against the private sector contribution.

1. Scottish Enterprise (SE) / Highlands and Islands Enterprise (HIE) / Scottish Investment Bank (SIB)

Under the umbrella of the Scottish Investment Bank, SE/HIE provides both investment capital and grant assistance to businesses across Scotland. Most of their activities are focussed on those businesses which are defined as “growth” businesses which are seeking equity or loan funding usually above £100,000.

The funds under the Scottish Investment Bank suite are:

• Scottish Seed Fund	£20,000 to £250,000
• Scottish Co-investment Fund	£100,000 to £1,000,000
• Scottish Venture Fund	£500,000 to £2,000,000
• Scottish Loan Fund	£250,000 to £5,000,000

It is worth noting that SE/HIE continue to experience demand from businesses seeking supplementary funding rounds in their attempts to attract the money necessary to offset the lack of private sector funding for working capital.

2. Local Authorities

Traditionally many local authorities offer support to businesses through grants as well as loans. As budgets come under increasing financial pressure the ability for local authorities to maintain discretionary business support programmes is likely to reduce.

3. Princes Trust - Youth Business Scotland

Youth Business Scotland, formerly the Prince’s Scottish Youth Business Trust (PSYBT), provides grant and loan funding but with certain age, scale and geographic restrictions. Development loans of up to £5,000 are available to applicants aged 18 to 29 and who have been trading for 1 to 3 years. Accelerator loans of between £10,000 and £25,000 are available to applicants aged 18 to 31 and who have been trading for 1 to 5 years.

4. Start Up Finance Scotland

Start Up Finance Scotland provides loan funding to Individuals looking to start a business and those who have started trading within the last 24 months under contract with the Start Up Loans Company Ltd. See section 8 for further information.

3.5 Demand side

Demand is expected to be high given the current financial climate where there has been a reduction in private sector funding available for SME’s.

Whilst there is an apparent adequacy of “supply side” in the market, evidence from ESIF/WSLF and other sources would suggest this is not necessarily the case. We have a current and ongoing choke on the supply side whereby new and additional lending by the private sector is suppressed.

The lack of available match funding from the Banks remains a major challenge. Banks continue to appear reticent to lend where there is any perceived risk and lending is based on the banks requiring full security including personal guarantees as a matter of course. There has been a

noticeable increase in the banks pricing for risk, leaving loan applicants, with little or no history, being offered deals at higher margins that are fully secured.

Looking at the recent experiences of ESIF/WSLF, where external funders are involved there is evidence that deals are taking longer to finalise with increased due diligence by the banks and the requirement to take security slowing the process further, aligned with increased legal costs. This reticence to lend into the business base has resulted in many more applications being supported by the use of personal and/or director's funds.

The SME Finance Monitor for Q1 2014, compiled from a survey of 5,000 business, shows that:

- Only 33% of SMEs used any form of external finance in the last 12 months.
- Use of core "traditional bank lending" is 27%, a drop of 5% on the same period in 2013.
- Whilst most applications for renewed facilities are successful, the gap between these and successful new applications is widening. In Q1 2014, 96% of renewals were successful but only 37% of new applications.
- Smaller, newer businesses remained less likely to be successful and those declined reported limited support options being offered as an alternative.
- SMEs are still discouraged to apply for bank lending as there remains an assumption, amongst new businesses in particular, that if they approached the bank for funding they would automatically be turned down due to their credit history and size and therefore did not ask.
- Generally the SME population is still showing signs of pressure in a difficult economic climate in terms of profitability, external risk rating, credit balances and use of overdraft facilities.
- In the last 12 months, 36% had seen an injection of personal funds from the owner / director into the business with half of these (18%) saying this was something they felt they "had" to do.

All these findings strengthen the position and need for Business Loans Scotland Ltd to actively seek to deliver a loan product which is addressing a gap in the market to enable SMEs to complete funding packages given changing lending terms by the banks.

3.6 Strategic Fit

The Fund's stated objective is to increase the supply of loan finance to support new and growing businesses. This supports the thematic objective of the European Regional Development Fund 2014-20 Scottish Operational Programme to enhance the competitiveness of SMEs and is also in line with Scotland's Economic Strategy 2015 aim of providing "targeted assistance in areas where the market fails to step in".

Improving the supply of access to finance remains one of the priorities to help deliver a supportive business environment in order to deliver sustainable economic growth.

The role Business Loans Scotland Ltd will play in improving the supply of finance to new and growing businesses meets the strategic objectives of the European Commission and Scottish Government.

3.7 Marketing and Promotion

The key principles of the marketing strategy will be as follows:

- inform new and growing businesses (SMEs) of Business Loans Scotland Ltd as a potential source of gap funding
- advise new and growing businesses on how to access the Fund at the local level
- inform the business development network including professional advisers and banks of Business Loans Scotland Ltd as a potential source of funding

- advise the business development network including professional advisers and banks on how to access Business Loans Scotland Ltd on behalf of their clients.

The principle target groups for the Fund can be classified as small and medium sized businesses, the business development network and professional advisers. These can be further categorised as follows:

- Owners and directors, Finance Managers and Operations Managers
- Professional Advisers
- Business membership organisations including the Chambers of Commerce, Federation of Small Business etc.

In order to get our message across to the above target audiences, a number of channels will be used as follows:

- Press
- Business Publications
- Seminars
- Exhibitions
- Website
- Brochure
- Personal visits
- Social networking
- Online advertising

Each target group will be reached in different ways and it is likely the messages will continue to be repeated through a number of different channels over the 3 years to reinforce the message.

A key source of referral to the Fund will be from the economic and business development network (including Business Gateway, Scottish Enterprise and Highlands & Islands Enterprise), banks and professional advisers such as accountants and lawyers. With the transfer of responsibility for the Business Gateway to the local authorities, a more integrated approach to advising and supporting businesses is developing.

This is an on-going task in view of the turmoil and changes which are taking place both within the financial sector and the public sector. There are many changes in roles within organisations and to ensure our provision remains in focus there must be continual contact and discussion with the banks, other financial intermediaries and public sector agencies.

4. Strategy and business development

4.1. Targets 2015 - 16

The key targets for the coming year are as follows;

- Lend £6 million
- Support circa 150 businesses (based on an estimated average loan value of £40,000)
- Lend 40% by value to “new” businesses
- Lend 60% by value to “growing” businesses
- Create 4 new/safeguarded jobs per business supported
- Increase turnover by £150,000 per supported business and
- Achieve a leverage of 1:3 from the private sector match funding

The key principle for lending to businesses must always be balanced between risk and reward as lending will never be based on an assumed need to spend and achieve target.

The provisional targets for each of the member authorities are detailed in the table below:

Member Authority	Business Base	% Business Base	Provisional 3 Year Target Investment
East of Scotland Area			
Aberdeen City	9,985	5.61%	£975,000
Aberdeenshire	14,235	8.00%	£1,410,000
Angus	4,025	2.26%	£150,000
Clackmannanshire	1,220	0.69%	£120,000
Dundee City	3,610	2.03%	£225,000
East Lothian	3,095	1.74%	£300,000
Edinburgh, City of	17,850	10.03%	£450,000
Falkirk	4,000	2.25%	£600,000
Fife	9,290	5.22%	£999,000
Midlothian	2,325	1.31%	£525,000
Perth and Kinross	6,375	3.58%	£300,000
Scottish Borders, The	5,320	2.99%	£600,000
Stirling	4,120	2.31%	£225,000
West Lothian	4,745	2.67%	£975,000
	90,195	50.67%	£7,854,000
Highlands and Islands Area			
Argyll & Bute	4,105	2.31%	£300,000
Eilean Siar	1,190	0.67%	£120,000
Highland	11,225	6.31%	£1,125,000
Orkney Islands	1,550	0.87%	£231,000
Moray	3,370	1.89%	£150,000
Shetland Islands	1,450	0.81%	£150,000
	22,890	12.86%	£2,076,000
West of Scotland Area			
Dumfries & Galloway	6,770	3.80%	£675,000
East Ayrshire	3,255	1.83%	£1,200,000
East Dunbartonshire	2,940	1.65%	£300,000
East Renfrewshire	2,575	1.45%	£75,000
Glasgow City	17,655	9.92%	£1,800,000
Inverclyde	1,765	0.99%	£150,000
North Ayrshire	3,360	1.89%	£750,000
North Lanarkshire	7,365	4.14%	£1,125,000
Renfrewshire	4,770	2.68%	£525,000
South Ayrshire	3,730	2.10%	£600,000
South Lanarkshire	8,815	4.95%	£1,125,000
West Dunbartonshire	1,915	1.08%	£225,000
	64,915	36.47%	£8,550,000
Total	178,000	100%	£18,480,000

4.2. Economic Impact

Funding from the European Regional Development Fund (ERDF) requires as one of its conditions that the fund is able to report on the economic impact it is achieving from the investments in the businesses.

It is a requirement for the Fund Management to report to the member authorities and the board on an annual basis across a range of indicators. These will include:

- Number of enterprises receiving financial support
- Number of new business starts receiving financial support
- Value of Business Loans Scotland Ltd investment analysed by member authority and by period
- Value of private sector match funding
- Value of total funding package
- Leverage in terms of private and other public sector funding
- Number of gross jobs created
- Increase in turnover in supported enterprises

The information detailed above will be captured from each of the supported businesses through regular monitoring, allowing the Fund Manager to report on the economic impact the fund is achieving. As each loan reaches 12 months in age the information will be collated and reported accordingly.

The economic impact report will take into account any displacement and additionality and will comment on Gross Value Added (GVA) and operational costs which will allow a net cost per job to be produced.

Before the end of its third year, the Fund will be required to undertake an independent economic impact assessment and evaluation to measure the Fund's performance during the period 2015 - 18. Broadly it is expected this will cover areas such as:

- Value for money
- Economic impact
- Net cost per job and
- Gross value added

This will also provide a valid comparator against our own measures.

4.3. WSLF Management Services Ltd

WSLF Management Services Ltd is a wholly owned subsidiary of the West of Scotland Loan Fund which was specifically established to deliver the Fund Management contract on behalf of the East of Scotland Investment Fund Ltd.

Initially, WSLF MS had a three year contract expiring 31st March 2013 but the board of the East of Scotland Investment Fund Ltd agreed to extend the contract for a further two, 1 year periods until 31st March 2015. In order to ensure continuity of service during the transition to the new fund, a 3 month extension effective from 1st April 2015 has been agreed with the option of a further 3 month extension thereafter.

WSLF Management Services Ltd is also the lead company contracting with the Start Up Loans Company Ltd which was rolled out across Scotland from April 2014. This involves partnering the Business Gateway to deliver the business support and provision of loans to new businesses within their first 24 months of trading.

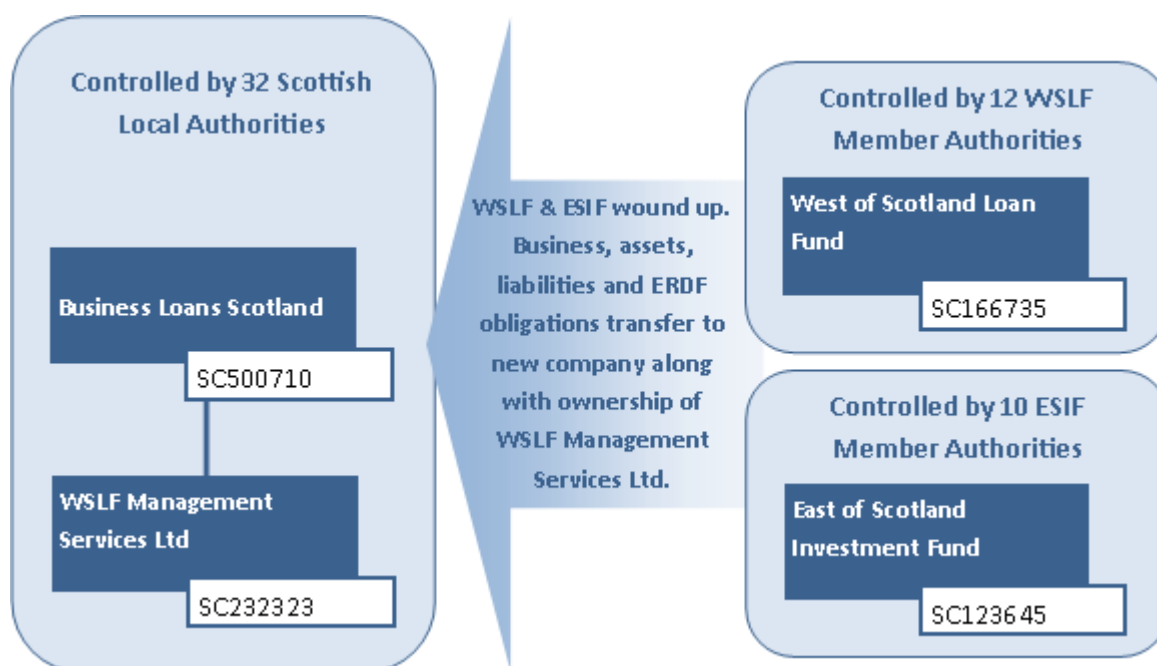
The position of WSLF Management Services Ltd under the new fund is shown in section 5 and the contract with the Start Up Loans Company Ltd and associated staffing is detailed in section 8.

5. Management and organisation

Business Loans Scotland Ltd is a company limited by guarantee and as such must at all times comply with company law. In addition, the Company must comply with its own published Articles of Association.

5.1 Company Structure

West of Scotland Loan Fund Management Services Ltd will become a wholly owned subsidiary of the new company, and will undergo a name change to reflect this. The business (including loan books), assets and liabilities of WSLF and ESIF, along with their ERDF obligations under the 2007-2013 EU Structural Funds Programme, will transfer to the new company and WSLF/ESIF will be wound up in early course.



5.2 Corporate Governance Structure

The fund's governance structure will consist of four elements:

- The Board of Directors
- Corporate Governance Working Group
- Regional Management Groups
- Regional Officers Groups



5.2.1 Board of Directors

Meeting frequency/timing:	4 times per year
Membership:	Up to 9 Directors from the member authorities - 3 from each region
Other Attendees:	Attended by Fund Manager/Company Secretary
Key Responsibilities:	Strategy and direction of the fund
Communication:	Draft minutes of meetings circulated to Regional Management Groups within 2 weeks of the meeting and signed off at the next meeting of the Board

The management responsibility of the company rests with the board of directors. With up to 32 Local Authorities as members of BLS, it is not realistic or desirable to have each member represented on the Board.

Nominations will instead be sought from the 3 operational areas, namely East, West and Highlands and Islands, to stand as Directors of BLS.

The Local Authorities within each Region will be given the opportunity to agree amongst themselves to nominate 3 people to represent their Region on the Board of Directors, thereby forming a Board of 9 directors.

Appointment to the Board will be for a period of 12 months. Formal election/re-election of the Directors nominated by Regional Management Groups will take place at the same meeting as the presentation and approval of annual accounts. This may be dealt with as part of the normal Board meeting cycle (likely September) or through an AGM to which all members are invited.

A draft minute of Board meetings will be circulated to all members of the Regional Management Groups within two weeks of the meeting. In order to ensure that member authorities not represented on the board are consulted on strategic matters, the Regional Management Groups will meet three weeks prior to each Board meeting and their agenda will include any items requiring a decision at the upcoming board meeting.

The company's Articles of Association includes a clause stating that, in the case of a board vote, a minimum of one Director from each region must approve for an item to pass.

The nomination of directors will depend on the policies of the individual member authorities and will usually be either an Elected Member or an officer of senior rank. Representation on the main board from other Stakeholders and the private sector will also be considered in due course.

The board of BLS will meet 4 times per year.

Until such times as they are formally wound up, WSLF and ESIF will continue to be governed by their own boards of Directors. During this transitional phase the frequency of board meeting will be reviewed and may be reduced subject to approval of the boards. The board of WSLF Management Services, membership of which will be reviewed following the transfer of ownership to BLS, will continue to meet four times per annum, primarily to provide governance for Start Up Finance Scotland.

5.2.2 Corporate Governance Working Group

Meeting frequency/timing:	As required
Membership:	Up to 6 – one Director and Officer from each region
Other Attendees:	Attended by Fund Manager/Company Secretary
Key Responsibilities:	Consider matters referred to it from Board
Communication:	A record of matters remitted to the CGWG by the Board and the resulting recommendations will be included in the minute of Board meetings.

The Corporate Governance Working Group (CGWG) will be established to support the board. The group will consist of a mix of board directors and officers from member authorities along with the Fund Manager.

The CGWG will meet on an “as required” basis, and will be remitted to:

- Consider matters referred to it from the board
- Provide advice / recommendations to board
- Develop relevant policies and strategies
- Consider any item of business requiring a decision out with normal board meeting cycle including financial transactions up to a value of £10,000 (a report detailing such business will be brought to the next meeting of the Board for homologation)
- Ensure compliance & resolve issues as required
- Consider measures to ensure sustainability of fund
- Provide a sounding board for all matters relating to the fund

5.2.3 Regional Management Groups

Meeting frequency/timing:	4 times per year, 3 weeks prior to main Board meetings
Membership:	One senior representative (likely to be an elected member or senior officer) nominated to sit on RMG by each member local authority within the region
Other Attendees:	Led and organised by Loan Fund Officer Fund Manager/Company Secretary will attend at least one meeting of each RMG per annum
Key Responsibilities:	Local performance, executing Board strategy and direction, nomination of Directors to represent the region on the Board, determining applications over £50k and up to £100k
Communication:	Draft minutes of the meetings circulated to the Board of Directors with their agenda and signed off at the next meeting of the RMG. Agenda includes any items requiring a decision at the upcoming Board meeting.

Each region will have a “management group” comprising one senior representative (either a Senior Manager or Elected Member) from each member authority within that region. These groups will be responsible for:

- Nominating 3 Directors to represent the Region on the Board of Directors and ensuring a suitable proxy is identified in the event of a Director being unable to attend a board meeting
- Appraising and determining all applications from their respective region for loans above £50,000 up to £100,000 which have been recommended for approval by a member authority.
- Monitoring and reviewing the Region's performance in terms of investment spend, targets etc.

Regional Management Groups (RMGs) will meet four times per annum, three weeks prior to each meeting of the Board of Directors. The RMG agendas will include any items requiring a decision at the upcoming Board meeting, thereby allowing those Authorities not sitting on the Board to be consulted on strategic matters.

All Member Authorities will be invited to each Regional Management Group meeting with a minimum standard set out in the Articles of Association requiring the higher of 3 members or 30% of a region's members to be in attendance to achieve quorum. During the consideration of loan applications at such a meeting, the sponsoring local authority cannot be one of the authorities counting towards the quorum or vote on their own application. The Articles of Association will allow a degree of flexibility in raising the minimum standard locally, therefore, regions will be able to set a higher quorum for investment decisions should they wish.

While the Regional Management Groups may choose to include the appraisal of loan applications over £50k within their scheduled RMG meetings, this should not be allowed to cause undue delay in determining an application and separate investment panel meetings will therefore need to be called as required. All of a region's RMG members will be invited to participate in these ad-hoc investment panel meetings and the same quorum will apply as for full RMG meetings.

5.2.4 Regional Officers Groups

Meeting frequency/timing:	4 times per year, 2 weeks in advance of Regional Management Group meetings
Membership:	One nominated officer from each member local authority within the region
Other Attendees:	Led and organised by Loan Fund Officer
Key Responsibilities:	Member Authority performance against ERDF targets, operational and compliance matters.
Communication:	Draft minutes of the meetings are circulated to the Regional Management Group with their agenda and signed off at the next meeting of the Officers Group.

The Regional Officers Groups (ROGs) will be the mechanism that ensures the Fund remains sensitive to the needs of local areas. There will be one group for each of the three regional delivery areas and membership will consist of an Officer from each member authority within the area and the regional Loan Fund Officer. The ROGs will meet quarterly in advance of both the Regional Management Group and Board meetings with crossover meetings, bringing together representatives from the three ROGs, scheduled as required. Out-with the meetings, the Regional Officers will also form an on line network.

The ROGs will be responsible for:

- Member Authority performance and progress against ERDF targets
- Operational and compliance matters
- Sharing good / best practice

In addition, the ROGs will assist in identifying:

- Officers' training needs, marketing & promotional opportunities as well as the
- Monitoring of investments, managing arrears and debt management.

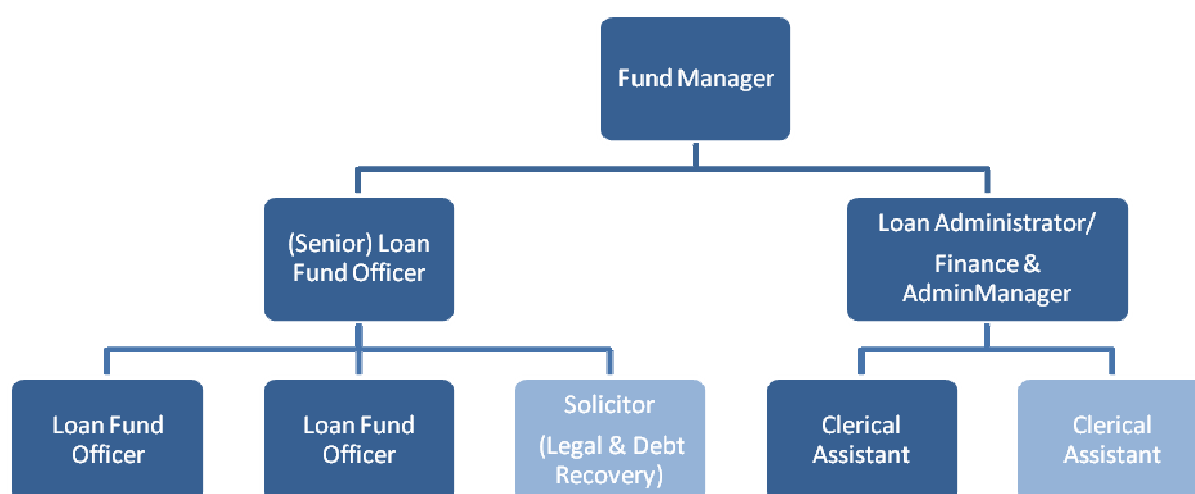
5.2.5 Corporate Governance Communications

Board of Directors:	Draft minutes of meeting circulated to the members of the three Regional Management Groups within two weeks of meeting Agenda includes draft minute of preceding Regional Officers Group meetings
Corporate Governance Working Group:	A record of any items remitted by the Board to the CGWG and the resulting recommendations/decisions will be included in the minute of Board meetings and will be communicated to all members via that mechanism.
Regional Management Groups:	Draft minutes of meeting circulated to group members within two weeks of meeting and included with the agenda of the next Board meeting All ROG members receive draft minutes of Board meetings within two weeks
Regional Officers Group:	Draft minutes of meeting circulated to group members within two weeks of meeting and included with the agenda of the next Regional Management Group meeting

The notes of all Business Loans Scotland meetings will be prepared using the fund's standard template and should clearly show actions, nominated persons and due dates.

5.3 Management Team

A management team structure comprising eight full-time posts, as shown in the diagram below, has been identified as the ideal delivery mechanism for Business Loans Scotland Ltd.



Initially the fund management team will operate with a reduced complement with a decision being taken on whether to fill the Solicitor and additional Clerical Assistant posts once loan activity reaches sufficient levels.

Fund Manager

The Fund Manager is responsible for the day to day operations of the Fund and the main duties include:

- Delivering the business plan and strategy as set by the Board
- Reporting to the board, external stakeholders and corporate working group
- Responsible for management of staff

Senior Loan Fund Officer

In addition to carrying out the duties of a regional Loan Fund Officer (see below), the Senior Loan Fund Officer will be responsible for:

- Line management of the Loan Fund Officers and Solicitor

Loan Fund Officers (x2)

Each of the three regional areas will have a dedicated Loan Fund Officer with the Senior Loan Fund Officer performing the role for one region. Their primary duties include:

- assisting member authorities to undertake loan appraisals and carry out compliance checks on loans making observations / recommendations on any skills deficits and required actions
- providing support to member authorities in the areas of monitoring, investigation, network building, development of appropriate training courses, research and statistics and business improvement
- Maintaining databases which track borrowers' credit ratings and material issues as a potential early warning against future bad debts.

Solicitor (Optional)

Once the fund is operational consideration will be given to recruiting a dedicated full-time fund Solicitor. Their primary duties would include:

- providing of specialist legal advice
- executing all legal documentation relating to loans
- Debt management and recovery for BLS, WSLF, ESIF, South of Scotland Loan Scheme and Start Up Loans
- contributing to the development, design and continuous improvement of the fund's legal documentation and processes

Loan Administrator

The Fund Administrator is responsible for the loan administration, accounting and financial reporting functions for the Fund and its member authorities and is responsible for;

- day to day operational management of the loan management and reporting systems including data input and maintenance of the systems
- maintaining and implementing effective controls and reconciliation procedures to maintain the integrity of the data held in the system
- ensuring all transactions are processed using the accounting software package timeously and accurately recording all financial transactions of the Fund

Clerical Assistant (Structure includes optional second Clerical Assistant post)

The primary duties of the Clerical Assistant include:

- providing clerical and administrative support
- responding to general enquiries and handle general correspondence
- maintaining and updating filing systems, databases and other management information systems
- contributing to the effective maintenance and use of any relevant computer systems.

Business Loans Scotland Ltd is committed to the Scottish Local Government Living Wage.

5.4 Corporate Governance

The Fund's auditors, Wylie & Bisset LLP will be engaged to provide regular 'corporate governance' reports to the board to ensure a high level of governance and transparency is achieved given the substantial resources in the fund.

5.5 Bribery Act 2010

Compliance with the Bribery Act 2010 is built into the fund's processes and these will be reviewed periodically to ensure that the fund continues to meet its obligations under the Act.

5.6 Financial, IT and management systems

The Fund Manager and Fund Administrator are responsible for the financial transactions of the company and production of quarterly management accounts using SAGE. One other system critical to the successful management of the fund is the Loan Management System used to manage the portfolio of loans and the collection and reconciliation of monthly loan repayments.

5.7 Operations Manual

Each officer involved in the loan fund is required to adhere to the policies and procedures within the operations manual in delivering a consistent loan product and level of service to the applicant business.

5.8 Monitoring of investments

It is a condition of every loan awarded that there shall be continuous monitoring of each business during the life time of its loan. A visit to each business by either a member of their local authority or their duly appointed agent will be made at no less than annual intervals. On production of the company's annual financial accounts prescribed information on the business will be submitted to ensure the Fund complies with its ERDF funding.

5.9 Compliance checking

One of the conditions of ERDF funding, and an essential part of the day-to-day management of our systems, will be to ensure all loans are compliance checked to ensure we meet not only our laid down appraisal processes but also that we seek to maintain best standards and follow a culture of continuous improvement.

5.10 Training

Training requirements are assessed at regular intervals with any gaps in skills and knowledge identified at the earliest opportunity. Appropriate training and support is provided and a register of training will be maintained (Appendix 3).

5.11 Loan decisions

Applications to the loan fund will be appraised by a nominated officer usually from the member authority in which the applicant business is based. Member Authorities will be responsible for ensuring there is no conflict of interest between advising, appraising and deciding on the outcome of the loan application. The appraisal process and appraisal form require the officer to make a recommendation to approve or refuse the application. This decision will be based on the

professional skills and experience of the officer following the written down lending criteria of the Fund. Applications recommended for approval will be duly considered by the member authority under their scheme of delegated authority. Thereafter, the decision is conveyed to the applicant with the 'legal' offer being sent to successful applicants.

In line with the Fund's Articles of Association and Members Agreement, final decisions for loans between £50k and £100k are the responsibility of the Regional Investment Panels. A procedural note will be developed detailing the process and timescales for assessing these higher value applications.

The target timescale for completion of the appraisal process, legal documentation and release the loan funds should be a maximum of 13 weeks from receipt of the completed application. Where complex applications and / or securities are involved the process may take longer.

5.12 Customer Survey

Businesses that have received a loan will be asked to go online and complete a short survey of their experience in applying for funding from BLS. The survey takes less than 4 minutes to complete and provides valuable feedback on the level of customer satisfaction and service received by the applicant.

A response rate of 40% is expected with the findings presented to the board annually.

5.13 State Aid

The Fund is fully aware of the State Aid rules and of the EU reference rate at which a loan is deemed to be a state aid. The interest rate for all loans is fixed at 6% for the term of the loan. Currently, BLS loans fall out with State Aid however the situation will be continually monitored to ensure state aid regulations are complied with.

5.14 Debt Management

The Fund will implement a debt management policy to ensure a pro-active approach is taken in managing any arrears, bouncers, defaulters and bad debts etc. The aim will be to act swiftly to safeguard the interests of the fund.

In terms of protecting the investments, the Fund will look to take security where ever it is appropriate and prudent to do so. Security will be taken in the form of standard security, bond & floating charge and personal guarantee. Each of the loan documents will be registered for "Preservation and execution" at the Registrar of Companies thereby allowing the 'contract' to be established from the outset with immediate legal action able to be taken to address arrears and defaulters much more speedily. Whilst the operating model for the Fund can tolerate a bad debt ratio of up to 30%, the debt management policy will obviously target a much lower rate.

5.15 Scottish Government

Close liaison will be maintained with the Scottish Government and quarterly reports will be submitted by the end of the month following the quarter end detailing the funds progress against targets. An annual report will be produced after the financial year end to review the year and identify the key challenges ahead.

5.16 Online Loan Application System

The Fund will use a web based Online Loan Application system (OLA) allowing loan applications, appraisals, compliance checking, approval, drawdown, customer care and monitoring to be undertaken online.

5.17 Future Developments

The sustainability and longevity of the Fund is of paramount importance and the Corporate Governance Working Group is tasked with looking at future development including:

- Additional contributions from the Member Authorities
- Potential for the fund to offer additional support products, e.g. Microfinance

6. Summary Financials

6.1 Profit & Loss Statement

	31/03/2016 £	31/03/2017 £	31/03/2018 £	31/03/2019 £	30/03/2020 £
WSLF/ESIF interest received	288,000	288,000	288,000	288,000	-
BLS Interest received	150,500	390,467	572,867	547,167	374,400
INTEREST RECEIVED	438,500	678,467	860,867	835,167	374,400
COST OF SALES					
WSLF/ESIF bad debts	408,000	408,000	408,000	109,333	-
BLS bad debts	75,000	310,000	550,000	715,000	715,000
ERDF Grant release	(2,400,000)	(2,400,000)	(2,400,000)	-	-
	(1,917,000)	(1,682,000)	(1,442,000)	824,333	715,000
GROSS PROFIT	2,355,500	2,360,467	2,302,867	10,833	(340,600)
ADMINISTRATIVE EXPENSES					
Overheads	540,000	540,000	540,000	540,000	540,000
Management fee	(150,000)	(150,000)	(150,000)	-	-
Depreciation	3,333	3,333	3,333	-	-
	393,333	393,333	393,333	540,000	540,000
FINANCIAL OVERHEADS					
Bank Term Loan Interest	111,375	95,625	68,625	41,625	14,625
Bank interest received	(23,384)	(24,119)	(26,314)	(33,850)	(49,116)
Hire Purchase Interest	-	-	-	-	-
	87,991	71,506	42,311	7,775	(34,491)
NET PRE TAX PROFIT	1,874,176	1,895,628	1,867,223	(536,942)	(846,109)
Provision for corporation tax	-	-	-	-	-
NET PROFIT AFTER TAX	1,874,176	1,895,628	1,867,223	(536,942)	(846,109)
Dividends	-	-	-	-	-
NET PROFIT	1,874,176	1,895,628	1,867,223	(536,942)	(846,109)

6.2 Balance Sheet

	31/03/2016 £	31/03/2017 £	31/03/2018 £	31/03/2019 £	30/03/2020 £
Fixed assets	6,667	3,334	1	1	1
	6,667	3,334	1	1	1
Current assets					
BLS loan book	5,625,000	10,075,000	13,325,000	9,750,000	6,175,000
WSLF & ESIF loan book	5,552,000	3,104,000	656,000	(0)	-
Other debtors	-	-	-	-	-
Prepayments	-	-	-	-	-
Special Interest Bearing Account	4,590,000	3,510,000	2,430,000	1,350,000	270,000
Cash at bank	4,300,509	4,677,470	4,786,026	8,480,085	11,208,976
	20,067,509	21,366,470	21,197,026	19,580,085	17,653,976
Liabilities					
Bank overdraft	-	-	-	-	-
Trade creditors	-	-	-	-	-
Corporation tax	-	-	-	-	-
PAYE & NIC	-	-	-	-	-
ERDF creditor	480,000	-	-	-	-
Bank loan accounts	4,320,000	3,240,000	2,160,000	1,080,000	-
Accruals	(1)	(2)	(2)	(2)	(2)
	4,799,999	3,239,998	2,159,998	1,079,998	(2)
	15,267,510	18,126,472	19,037,028	18,500,087	17,653,978
Total assets less liabilities	15,274,177	18,129,806	19,037,029	18,500,088	17,653,979
	15,274,177	18,129,806	19,037,029	18,500,088	17,653,979
CAPITAL & RESERVES					
Capital introduced	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
WSLF/ESIF investment	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Profit & loss account	1,874,177	3,769,806	5,637,029	5,100,087	4,253,978
	15,274,177	17,169,806	19,037,029	18,500,088	17,653,978

6.3 Financial Model Assumptions

Value of Fund	£18,000,000
Annual Lend Rate	£6,000,000
Loans Out Interest	6.0%
Interest Only Period	3 months
Bad Debt Rate	20%
Overhead Cost	3% of fund value annually (£540,000)
Bank Loan Value	£5,400,000
Bank Loan Term	5 years
Bank Loan Interest	2.50%
Bank Interest Received	0.50%
Depreciation Rate	33%

7. Overheads (Business Loans Scotland only)

The central overheads associated with the management and running of the company and loan fund are detailed in Appendix 1.

8. Start Up Finance Scotland

WSLF Management Services holds a contract for delivery of Start Up Loans, a UK Government funded scheme that helps people who have a viable business idea get the funding they need to start their own business. This is delivered under the brand Start Up Finance Scotland.

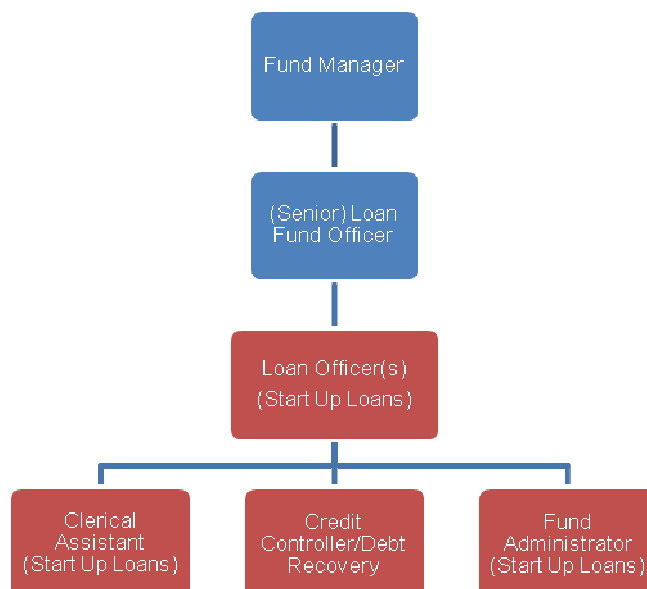
The delivery of Start Up Finance Scotland will form part of the principle business of WSLF Management Services and governance will be provided by the board of that company.

8.1 Resourcing of Start Up Finance Scotland

Although the BLS Fund Manager will have some line management responsibilities in relation to Start Up Finance Scotland, the dedicated Start Up Loans staff (shown in red in the diagram at 8.2) will be funded under that scheme.

Start Up Loans	Minimum Requirement	Desirable
Loan Officer	Y	Y
Loan Officer		Y
Fund Administrator		Y
Credit Controller / Debt Recovery	Y	Y
Clerical Assistant	Y	Y
Total No. of Staff	3	5
Total Employment costs	75,083	144,094

8.2 Start Up Finance Scotland Staffing Structure



APPENDIX 1 – Start-up Costs and 3 Year Budget

	START UP COSTS	Annual Budget YEAR 1	Annual Budget YEAR 2	Annual Budget YEAR 3	TOTAL BUDGET
BANK LOAN TERM CHARGES					
Cost of £5.4 million Loan @ 1% differential		48,600	37,800	27,000	113,400
TOTAL COST OF INTEREST	0	48,600	37,800	27,000	113,400
FINANCE					
Bank Charges		1,250	1,250	1,250	3,750
Accountis - Web Enterprise Licence		575	575	575	1,725
RBS - Service User Number		200			200
RBS - AUDDIS Compliance Fee		200			200
Sector Treasury Management		0	0	0	0
TOTAL FINANCE	0	2,225	1,825	1,825	5,875
INSURANCES					
Directors and Officers Liability		5,500	5,500	5,500	16,500
Combined Liabilities		800	800	800	2,400
TOTAL INSURANCES	0	6,300	6,300	6,300	18,900
ACCOUNTING					
Annual Audit		8,500	8,500	8,500	25,500
Monthly Governance		7,500	7,500	7,500	22,500
P11D		175	175	175	525
Payroll		875	875	875	2,625
Preparation of Financial Model	1,800				1,800
TOTAL ACCOUNTING	1,800	17,050	17,050	17,050	52,950
LEGAL					
Incorporation of SLABLF	3,600				3,600
Preparation of Legal Agreements	3,600				3,600
General Legal Fees		5,000	5,000	5,000	15,000
TOTAL LEGAL	7,200	5,000	5,000	5,000	22,200
MARKETING					
Fully responsive website		4,200			4,200
Creative Agency Agreement		15,200	15,200	15,200	45,600
Advertising & Marketing Budget		30,600	34,800	34,800	100,200
TOTAL MARKETING	0	50,000	50,000	50,000	150,000
IT					
Development of OLA V2					0
Development of OLA (Pan Scotland)		6,000			6,000
Annual Licence, Hosting and Support		18,000	18,000	18,000	54,000
Target Dashboard		1,450	1,450	1,450	4,350
Other IT		2,000	2,000	2,000	6,000
PC's - Desktop / Laptops * 6		10,000	0	0	10,000
TOTAL IT	0	37,450	21,450	21,450	80,350

LICENCES					
Anchor Loan Management System		10,000	10,000	10,000	30,000
Consumer Credit Licence		2,000			2,000
Data Protection		35			35
Experian		5,400	5,400	5,400	16,200
TOTAL LICENCES	0	17,435	15,400	15,400	48,235
TRAINING					
Investment Appraisal		6,000	4,800	4,800	15,600
Legal		6,000	4,800	4,800	15,600
Operations		6,000	4,800	4,800	15,600
General Training including Staff		3,000	3,000	3,000	9,000
TOTAL TRAINING	0	21,000	17,400	17,400	55,800
TRAVEL & SUBSISTENCE					
Fund Manager		3,000	3,000	3,000	9,000
Loan Officer - West		2,000	2,000	2,000	6,000
Loan Officer - East (Paid by WSLF MS)		2,000	2,000	2,000	6,000
Loan Officer - Highlands & Islands		2,000	2,000	2,000	6,000
Other Staff		500	500	500	1,500
TOTAL TRAVEL & SUBSISTENCE		9,500	9,500	9,500	28,500
ACCOMMODATION					
Office Rent - HQ x 4 Staff (Minimum)		14,400	14,400	14,400	43,200
Office Rent - East x 1 Staff (Paid by WSLF MS)		3,600	3,600	3,600	10,800
Office Rent - H&I x 1 Staff		3,600	3,600	3,600	10,800
Meeting Rooms (Optional)		0	0	0	0
Catering		1,000	1,000	1,000	3,000
Sundries (Consumables)		5,000	5,000	5,000	15,000
TOTAL ACCOMMODATION	0	22,600	22,600	22,600	67,800
STAFFING - MINIMUM STAFF COMPLEMENT					
Fund Manager					
Loan Officer - West					
Loan Officer - East (* Employee of WSLF MS)					
Loan Officer - Highlands & Islands					
Loan Administrator					
Clerical Assistant / (ESIF FA)					
Clerical Assistant (Vacancy)					
Total Salaries					
Cost of Living Increase					
Employers NI					
Pension					
	0	282,162	282,162	282,162	846,486
TOTAL OVERHEAD COSTS (at current staffing levels)	9,000	519,322	486,487	475,687	1,490,496

STAFFING - BASED ON DESIRABLE COMPLEMENT					
Fund Manager					
Senior Loan Officer - West					
Loan Officer - East					
Loan Officer - Highlands & Islands					
Loan Administrator					
Clerical Assistant / (ESIF FA)					
Clerical Assistant					
Solicitor					
Total Salaries					
Cost of Living Increase					
Employers NI					
Pension					
	0	345,122	345,122	345,122	1,035,366
TOTAL OVERHEAD COSTS (inc. Desirable Staffing levels)	9,000	582,282	549,447	538,647	1,679,376

APPENDIX 2 - Number of registered enterprises in Scotland and their total Scottish employment and turnover by Member Authority at March 2014

Local Authority	Total			0 - 49 employees			50 - 249 employees			250+ employees		
	Number	Total Scottish employment	Turnover (£ millions)	Number	Total Scottish employment	Turnover (£ millions)	Number	Total Scottish employment	Turnover (£ millions)	Number	Total Scottish employment	Turnover (£ millions)
Aberdeen City	9,985	149,040	57,883	8,760	36,320	8,119	485	24,850	6,575	740	87,860	43,189
Aberdeenshire	14,235	92,530	15,267	13,720	48,830	5,161	250	13,430	2,166	265	30,270	7,939
Angus	4,025	28,770	3,157	3,760	15,840	1,417	100	4,000	491	165	8,930	1,249
Argyll & Bute	4,105	27,450	2,544	3,870	15,720	990	95	4,070	344	140	7,670	1,210
Clackmannanshire	1,220	11,090	1,145	1,080	4,660	315	35	1,240	118	105	5,190	712
Dumfries & Galloway	6,770	48,150	5,335	6,325	27,140	2,096	140	6,270	857	305	14,740	2,382
Dundee City	3,610	50,380	4,916	3,035	15,430	1,090	180	7,970	785	390	26,980	3,040
East Ayrshire	3,255	27,430	2,695	2,955	12,670	985	90	4,260	491	210	10,500	1,220
East Dunbartonshire	2,940	20,760	1,866	2,725	10,000	707	50	2,180	163	170	8,580	996
East Lothian	3,095	22,540	2,306	2,885	11,950	992	70	2,790	270	140	7,790	1,044
East Renfrewshire	2,575	14,620	1,167	2,415	8,130	589	50	2,240	147	110	4,250	431
Edinburgh, City of	17,850	246,730	22,626	16,145	66,640	6,514	730	27,970	2,957	975	152,110	13,155
Eilean Siar	1,190	6,880	774	1,120	4,370	291	25	950	71	50	1,570	411
Falkirk	4,000	43,490	12,781	3,505	14,420	1,361	170	7,130	1,994	325	21,940	9,426
Fife	9,290	96,770	11,647	8,635	37,510	2,778	245	12,320	1,377	410	46,940	7,492
Glasgow City	17,655	299,570	31,663	15,730	74,980	6,540	840	36,420	4,337	1,080	188,170	20,786
Highland	11,225	82,210	8,613	10,490	41,480	2,925	285	12,350	1,499	455	28,380	4,190
Inverclyde	1,765	20,540	2,025	1,545	6,250	480	50	3,180	237	170	11,110	1,308
Midlothian	2,325	21,180	2,075	2,095	9,860	774	75	2,640	385	155	8,670	916
Moray	3,370	27,470	2,997	3,055	13,090	968	105	3,680	464	210	10,690	1,566
North Ayrshire	3,360	29,970	3,692	3,035	13,180	1,007	95	4,630	476	230	12,160	2,209
North Lanarkshire	7,365	92,520	15,022	6,555	28,930	2,526	310	13,590	1,587	495	50,010	10,909
Orkney Islands	1,550	7,840	885	1,475	5,620	361	30	1,170	110	45	1,040	414
Perth and Kinross	6,375	53,020	10,847	5,855	24,640	1,862	185	7,270	969	330	21,110	8,015
Renfrewshire	4,770	64,710	8,252	4,175	18,550	1,607	195	8,640	1,383	395	37,520	5,262
Scottish Borders, The	5,320	34,480	3,085	5,025	20,220	1,523	115	5,860	679	185	8,410	882
Shetland Islands	1,450	9,090	1,973	1,365	5,370	438	45	2,060	385	45	1,660	1,151
South Ayrshire	3,730	35,260	4,644	3,295	14,470	1,044	120	5,440	543	315	15,350	3,057
South Lanarkshire	8,815	86,680	12,313	8,115	33,900	2,782	265	11,720	1,907	435	41,060	7,624
Stirling	4,120	36,350	3,676	3,665	14,600	1,314	130	4,000	797	330	17,750	1,565
West Dunbartonshire	1,915	19,190	2,499	1,665	7,720	674	70	2,700	462	185	8,760	1,363
West Lothian	4,745	58,450	7,045	4,095	17,810	1,491	215	9,230	1,466	435	31,410	4,089
Scotland Total⁵	166,525	1,865,130	267,415	160,450	680,300	61,718	3,780	256,260	36,494	2,295	928,560	169,203

Note: This data only refers to the registered enterprises. Unregistered are sole traders and partnerships who are not registered for PAYE or VAT.

Source: Scottish Government, ONS (IDBR)

APPENDIX 3 – Training Register

Training Register

Member Authority	Name	Legal -1	Legal - CCA	Investment Appraisal	Operations	Experian	GRID	NFR	LISA	Basic A/C's	Bribery Act

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MEMBERS AGREEMENT
among
THE LOCAL AUTHORITIES
specified in Part 1 of the Schedule
and
BUSINESS LOANS SCOTLAND LIMITED



18 Charlotte Square
Edinburgh
EH2 4DF

DX: ED26
Tel: 0131 225 5660
Fax: 0131 225 8713

302 St Vincent Street
Glasgow
G2 5RZ

DX: GW 129
Tel: 0141 248 3434
Fax: 0141 204 2326

www.wjm.co.uk

enquiries@wjm.co.uk

Ref: (W.1518.2/GB/FLM)

Kintail House
Beechwood Park
Inverness
IV2 3BW

DX: 521 011 Inverness 3
Tel: 01463 250011
Fax: 01463 250010

MEMBERS AGREEMENT

among

THE LOCAL AUTHORITIES constituted under the Local Government, etc (Scotland) Act 1994 and as identified in Part 1 of the Schedule (hereinafter referred to as "**the Members**")

and

BUSINESS LOANS SCOTLAND LIMITED incorporated under the Companies Acts with company number SC500710 and having its registered office at 302 St Vincent Street, Glasgow, G2 5RZ (hereinafter referred to as "**the Company**")

WHEREAS:

- (A) the Company is a private company limited by guarantee incorporated on 17 March 2015 under the Companies Act 2006;
- (B) the Members have agreed to co-operate in establishing, managing and operating a loan fund and for this purpose have agreed to become members of the Company;
- (C) the Members have agreed to enter into this Agreement for the purposes of regulating their relationship with each other and certain aspects of the affairs of, and their dealings with, the Company; and
- (D) the Company has agreed with the Members that it will comply with the terms and conditions of this Agreement in so far as they relate to the Company.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. **DEFINITIONS AND INTERPRETATION**

In this Agreement:-

1.1 unless there be something inconsistent therewith:-

"Allocated Monies"	means the total aggregate amount of monies from the Fund allocated to each Member for the purposes of making Loans within that Member's Area;
"Area"	means all of the Member's Areas detailed in column 2 of Part 1 of the Schedule.
"Articles"	means the Articles of Association of the Company as amended from time to time;
"Board"	means the Board of Directors of the Company from time to time;

“Disaggregation Policy”	means the policy for the allocation of the Fund as agreed, reviewed or amended from time to time in accordance with Clause 4;
“East Region Members”	means the following Members:- Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dundee, East Lothian, City of Edinburgh, Falkirk, Fife, Midlothian, Perth & Kinross, Scottish Borders, Stirling and West Lothian;
“ERDF Funding”	means any monies received or receivable by the Company for the Fund from the European Regional Development Fund;
“ESIF”	means East of Scotland Investment Fund, incorporated under the Companies Acts with company number SC369981 and having its registered office at 3 rd Floor, Kingdom House, Kingdom Avenue, Glenrothes, Fife, KY7 5LY;
“ESIF Funds”	means funds transferred from ESIF for the purpose of granting Loans by the Company and to be allocated in accordance with clause 5;
“ESIF Loan”	means a loan made by ESIF in accordance with the terms of the ESIF Members Agreement;
“ESIF Members Agreement”	means the members agreement among the Local Authorities and ESIF (each as defined therein) dated [X];
“ESIF Member’s Area”	means the ESIF Members Area as defined in the ESIF Members Agreement.
“Financial Year”	means the financial year of the Company commencing on 1 April in any year to 31 March in the following year;
“Fund”	means the fund of monies held or receivable by the Company in accordance with this Agreement and comprising the following: (i) Member’s Contributions; (ii) ERDF Funding (iii) Repayments; (iv) ESIF Funds; (v) WSLF Funds (vi) any profit generated pursuant to Third Party Fund Management Services; and (vii) interest accrued on the Fund;
“Fund Manager”	means the individual employed by the Company to be the Fund Manager;
“Group”	means the Company and its subsidiaries from time to time;

“H & I Region Members”	means the following Members:- Argyll & Bute, Eileen Siar, Highland, Moray, Orkney and Shetland;
“Loan”	means a loan of monies, comprising part of the Fund, by the Company to a commercial enterprise located in a Member's Area on such terms and conditions as the Company may determine in accordance with this Agreement;
“Loan Targets”	means the loan targets allocated to each Member by the Company;
“Member's Area”	means the area detailed in column 2 of Part 1 of the Schedule which corresponds to a Member by virtue of Section 1 and Parts I and II and Schedule 1 to the Local Government etc. (Scotland) Act 1994;
“Member's Contributions”	means the monies contributed to the Fund by a Member from time to time;
“Operations Manual”	means the operations manual agreed by the Operations Officers from time to time setting out the procedures governing the operation of the Company, including by way of illustration and not limitation, the offering, making and management of Loans;
“Operations Officers”	means the operations officers appointed from time to time pursuant to clause 17;
“Regions”	means the East Region, H & I Region and the West Region and “Region” shall be construed accordingly;
“Regional Fund Officer”	means an employee of the Company or third party contractor engaged to the regional fund officer of the Company;
“Regional Management Groups”	means those groups established and carrying on business in accordance with clause 8;
“Regional Officers Groups”	means those groups established and carrying on business in accordance with clause 9;
“Repayment”	means any Loan repayments;
“Third Party Fund”	means fund, portfolio, debtor or related

Management Services	management, operational or administration services provided by the Company to third parties;
“Schedule”	means the schedule in three parts annexed to this Agreement;
“West Region Members”	means the following Members:- Dumfries & Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire;
“WSLF”	means West of Scotland Loan Fund incorporated under the Companies Acts with company number SC166736 and having its registered office at London Road Centre, London Road, Kilmarnock, KA3 7BU;
“WSLF Funds”	means funds transferred from WSLF for the purpose of granting Loans by the Company and to be allocated in accordance with clause 5;
“WSLF Loan”	means a loan made by WSLF in accordance with the terms of the WSLF Members Agreement;
“WSLF Member”	means a Member of WSLF (as defined in the WSLF Members Agreement);
“WSLF Members Agreement”	means the members agreement among the Local Authorities and WSLF (each as defined therein) dated X 2005, as amended by a Deed of Amendment signed on 24 th , 25 th , 26 th and 29 th of March 2010 and 8 th , 12 th and 15 th of April 2010; and
“WSLF Member’s Area”	means the WSLF Members Area as defined in the WSLF Members Agreement.

- 1.2 reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted;
- 1.3 words importing the singular include the plural, words importing any gender include every gender, and words importing persons include bodies corporate and un-incorporate and (in each case) vice versa;
- 1.4 the expression “the Company”, where used in the undernoted clauses, shall be deemed to include each of the other companies in the Group (if any) from time

to time to the intent and effect that the provisions of the undernoted clauses shall apply in relation to each such company as they apply in relation to the Company, save for those provisions which expressly or by implication relate only to the Company:

1.4.1 clause 3.1;

1.4.2 clause 3.2;

1.4.3 clause 12.4;

1.4.4 clause 13;

1.4.5 clause 15;

1.4.6 clause 16; and

1.4.7 clause 18;

provided that where any of the above clauses require the consent of the Members or the directors of the Company, this shall still mean the consent of the Members and / or directors of the Company, not the members and / or directors of another member of the Group;

1.5 reference to Clauses and other provisions are references to Clauses and other provisions of this Agreement and any reference to a sub-clause is, unless otherwise stated, a reference to a sub-clause of the provision in which the reference appears; and

1.6 The headings shall not affect interpretation of this Agreement.

2. PURPOSE

2.1 Subject to the terms of this Agreement the business and purpose of the Company is:-

2.1.1 to hold, manage and operate the Fund;

2.1.2 to grant Loans in the Area;

2.1.3 to receive Repayments; and

2.1.4 subject to clause 18, to provide Third Party Fund Management Services.

3. LEGAL CAPACITY

3.1 The Company in carrying out its business as defined in Clause 2 shall hold itself out to the public as acting solely on its own behalf and shall act as a principal in any dealings with any third party, except in the case of Third Party Fund Management Services where the Company may act on behalf of third parties.

- 3.2 The Company shall not, in carrying out its business, act as an agent, trustee or nominee for and on behalf of any person including any Member, except where it is required to properly carry out any Third Party Fund Management Services.
- 3.3 The Members shall be entitled to make offers of Loan on behalf of the Company in accordance with the terms of this Agreement and the Operations Manual. The Members shall make clear to any potential borrowers that any Loan will be made by the Company and not by the Members themselves.

4. DISAGGREGATION POLICY

- 4.1 The Allocated Monies and Loan Targets shall be determined in accordance with the Disaggregation Policy.
- 4.2 The Disaggregation Policy shall be set by the Board and may be reviewed or amended by the Board from time to time.
- 4.3 The initial Allocated Monies are set out in Part 2 of the Schedule.
- 4.4 The initial Loan Targets are set out in Part 3 of the Schedule.
- 4.5 For the avoidance of doubt:-
- 4.5.1 the Allocated Monies remain assets of the Company and shall be held in a bank account in the name of the Company until they become Loans; and
- 4.5.2 any loan from a third party may not be used to grant Loans and shall not form part of the Allocated Monies.

5. WSLF FUNDS AND ESIF FUNDS

- 5.1 Any funds received by the Company from WSLF or ESIF shall be immediately allocated to the Member to whom the funds were allocated or would have been allocated under the terms of the ESIF Members Agreement or WSLF Members Agreement. For the avoidance of doubt, if repayments are received by the company in respect of a WSLF Loan made in a WSLF Member's Area which would have been allocated to that WSLF Member under the terms of the WSLF Members Agreement, then those funds shall be immediately allocated to that Member's Allocated Monies.
- 5.2 The Company hereby irrevocably and unconditionally guarantees to pay to any creditors of WSLF or ESIF on demand, and in the currency in which the same falls due for payment, all monies and liabilities whatsoever which are now or at any time hereafter shall have been advanced to, become due, owing or incurred by WSLF or ESIF to or in favour of any creditors of WSLF or ESIF.

6. LOANS

- 6.1 The Company shall use the Fund to make Loans in accordance with the following terms:-
- 6.1.1 the Company shall only make Loans in the Area;

- 6.1.2 the Company shall not make a Loan of more than ONE HUNDRED THOUSAND POUNDS (£100,000) or such other limit as the directors of the Company may unanimously approve from time to time either in writing or at a meeting of the directors attended by all the directors of the Company;
- 6.1.3 the interest rate on a Loan shall be 6% or such other limit as the directors of the Company may unanimously approve from time to time either in writing or at a meeting of the directors attended by all the directors of the Company;
- 6.1.4 the Loans shall be made in accordance with the Operations Manual;
- 6.1.5 the Company shall only make Loans to commercial enterprises in a Member's Area up to a maximum aggregate sum which is equal to the aggregate value of the Allocated Monies attributable by the Company to that Member;
- 6.1.6 in any Loan to a limited company it may, at the sole discretion of the relevant Member, be a condition of the grant of the Loan that the Company obtains a personal guarantee and a Floating Charge, together with a Standard Security (where the borrower has heritable property), in security of the Loan;
- 6.1.7 in any Loan to an individual, sole trader or partnership it may, at the sole discretion of the relevant Member, be a condition of the grant of the Loan that the Company obtains a Standard Security and the individual(s) involved shall personally guarantee the Loan (where in a partnership, jointly and severally), in security of the Loan;
- 6.1.8 no Loan of a value above £50,000 shall be made, except in accordance with clause 6.6; and
- 6.1.9 for the avoidance of doubt, in the event that the directors of the Company resolve to increase the loan limit specified in clause 6.1.2, no Member shall be obliged to increase the value of Loans that they request pursuant to clause 6.2.
- 6.2 So long as the proposed Loan complies with clause 6.1, following the Company's receipt of a receipt of a payment form from a Member (which may be faxed or emailed) which:
 - 6.2.1 is signed by two authorised signatories of the Member with the required level of signing authority for the amount the Loan (intimated to the Company pursuant to clause 6.5);
 - 6.2.2 states the amount of the Loan;
 - 6.2.3 states who the relevant borrower is to be; and
 - 6.2.4 states when the Loan is to be made (being a date no less than 2 days after the Company's receipt of the notice issued pursuant to this clause 6.2);

(unless the same Member rescinds the request in writing prior to the date on which the Loan is to be made) the Company shall transfer the amount of the Loan by bank transfer (BACS) to the relevant borrower on the date the Loan is to be made.

- 6.3 The Members shall exercise that degree of skill and care as a reasonably experienced and diligent lender in the relevant sector would normally take in selecting and investigating each potential Loan and in negotiating the terms of the Loan. In particular, but without prejudice to the foregoing generality, the relevant Member shall ensure the completion of appropriate due diligence in respect of each of its proposed Loans, on the proposed borrower, any key parties or individuals and such matters relevant to them as the Member considers appropriate in the circumstances of the proposed Loan.
- 6.4 Notwithstanding clause 6.3, the parties acknowledge that the Company may (in informed circumstances) make Loans to certain borrowers and in certain circumstances where a commercial lender may not usually lend.
- 6.5 Each Member will prepare and submit to the Company a list of its authorised signatories and the levels of Loan that they can authorise pursuant to clause 6.2.1.
- 6.6 No Loan of a value exceeding £50,000 shall be made by the Company, except:
 - 6.6.1 in the case of a Loan proposed to be made by an East Region Member, with the prior consent of the East Regional Management Group;
 - 6.6.2 in the case of a Loan proposed to be made by a H & I Region Member, with the prior consent of the H & I Regional Management Group; and
 - 6.6.3 in the case of a Loan proposed to be made by a West Region Member, with the prior consent of the West Regional Management Group.

7. CORPORATE GOVERNANCE WORKING GROUP

- 7.1 The Corporate Governance Working Group will:
 - 7.1.1 be established to support the Board;
 - 7.1.2 consist of up to six members, including one Director and one Officer from each Region, together with the Fund Manager;
 - 7.1.3 meet at such times as considered necessary to fulfil its tasks and duties; and
 - 7.1.4 be remitted to:
 - (a) consider matters referred to it from the Board;
 - (b) provide advice / recommendations to the Board;
 - (c) provide support to staff members and the Fund Manager;
 - (d) advise on the recruitment of staff for the Company;
 - (e) develop relevant policies and strategies;

- (f) consider any item of business requiring a decision out with the normal Board meeting cycle;
 - (g) ensure compliance with statutory rules and regulations and resolve issues as required; and
 - (h) consider measures to ensure the sustainability of the Fund.
- 7.2 A record of any items remitted by the Board to the Corporate Governance Working Group and the resulting recommendations / decisions will be included in the minute of Board meetings and will be communicated to all Members via that mechanism.
- 8. **REGIONAL MANAGEMENT GROUPS**
- 8.1 There will be one Regional Management Group for each of the East Region Members, H & I Region Members and West Region Members.
- 8.2 Each Regional Management Group shall consist of one senior representative from each Member in that Region.
- 8.3 The Regional Management Groups will be established and be responsible for:
 - 8.3.1 nominating three Directors to represent the relevant Region on the Board of Directors and ensuring that a suitable proxy is identified in the event that a Director is unable to attend a meeting of the Board of Directors;
 - 8.3.2 appraising and determining all loan applications from their respective Region for Loans above £50,000 and up to £100,000 which have been recommended for approval by a Member Authority in that Region;
 - 8.3.3 identifying appropriate individuals to represent the Member Authorities on the Regional Officers Group; and
 - 8.3.4 monitoring and reviewing the Region's performance in terms of spend, targets and other appropriate areas.
- 8.4 Regional Management Groups will meet at least four times per annum, with compulsory meetings occurring 3 weeks prior to meetings of the Board of Directors. Additional meetings of a Regional Management Group may be called to consider loan applications in excess of £50,000
- 8.5 Unless determined otherwise by resolution of a Regional Management Group, the quorum for a meeting of a Regional Management Group shall be the higher of (1) three members of that Region; or (2) one-third of the Members in that Region.
- 8.6 Where loan applications in excess of £50,000 are being considered at a meeting of the Regional Management Group, the Member proposing the loan shall not be permitted to vote on the proposed resolution to approve that loan.
- 8.7 Draft minutes of the previous meeting of the Regional Management Groups will be circulated to members of the Regional Management Group within two weeks of that meeting and included with the agenda of the next meeting of the Board.
- 8.8 All members of the Regional Management Groups will receive draft minutes of meetings of the Board within two weeks of the date of the last meeting of the Board.

9. REGIONAL OFFICERS GROUPS

- 9.1 The Regional Officers Groups will be established to ensure that the Fund remains sensitive to the needs of local areas.
- 9.2 There will be one Regional Officer Group for each of the East Region Members, H & I Region Members and West Region Members.
- 9.3 Each Regional Officer Group will consist of an officer from each Member in that region, the Regional Loan Fund Officer and the Fund Manager.
- 9.4 Each Regional Officer Group will meet quarterly, with meetings taking place two weeks in advance of meetings of the Regional Management Group.
- 9.5 Representatives of each of the Regional Officer Groups shall meet representatives of the other Regional Officer Groups as and when required.
- 9.6 The Regional Officer Groups shall:
 - 9.6.1 be responsible for:
 - (a) Member performance and progress against ERDF targets;
 - (b) operational and compliance matters; and
 - (c) sharing good / best practice,
 - 9.6.2 assist in identifying:
 - (a) Member officers' training needs; and
 - (b) Marketing and promotional opportunities,
 - 9.6.3 monitor investments, manage arrears and debt management.
- 9.7 Draft minutes of meetings of the Regional Officers Group will be circulated to members of the Regional Officers Group within two weeks of the previous meeting and be signed off at the next meeting of the Regional Officers Group. Minutes of meetings of the Regional Officers Group will also be included with the agenda of the next meeting of the Regional Management Group.

10. ERDF FUNDING

- 10.1 The Company and each of the Members shall take such proper and reasonable action as is necessary to:
 - 10.1.1 ensure compliance with rules governing the application for and the use of ERDF Funds; and
 - 10.1.2 obtain further ERDF Funding for the Company.

11. REPAYMENT

- 11.1 The Company shall:-

- 11.1.1 receive Repayments in respect of Loans;
- 11.1.2 consolidate all Repayments received as part of the Fund in terms of this Agreement and the Disaggregation Policy.
- 11.2 The Company shall take such action as is reasonably necessary to recover monies due and outstanding on any Loans and, if necessary, enforce any security granted in consideration of making any Loan.
- 11.3 The Members shall give such assistance and co-operation as is reasonably requested by the Company to recover monies due and outstanding on any Loans to borrowers within their Member's Area.
- 11.4 Subject to the terms of the Disaggregation Policy, any Repayments received in respect of Loans made in a Member's Area shall be immediately allocated to that Member's Allocated Monies.

12. MANAGEMENT OF THE FUND

- 12.1 The Company shall ascertain and keep up to date records of the value of the Fund and any third party loan including a separate breakdown of Member's Contributions, ERDF Funding, Repayments and interest accrued and separately ascertain the value and allocation of all Allocated Monies. These records shall be available for inspection at any time during normal business hours by any of the Members giving the Company reasonable notice.
- 12.2 The Company shall hold the Fund in an interest bearing bank account in the name of the Company and shall not hold any other monies without the prior written consent of all the Members.
- 12.3 The Members shall procure that at least four board meetings are held in each Financial Year. The Company shall ensure that with the written notice (which may be by email to an email address provided by the relevant director for such purpose) for each board meeting a summary is included of (i) the value at that time of any third party loan and (ii) the value and allocation at that time of the Allocated Monies.
- 12.4 Except as the Members may otherwise agree in writing or except as otherwise provided or contemplated in this Agreement each Member shall exercise its powers in relation to the Company so as to ensure that:-
 - 12.4.1 the Company carries on and conducts its business and affairs in a proper and efficient manner and for its own benefit;
 - 12.4.2 the Company transacts all its business on arm's length terms;
 - 12.4.3 all business of the Company, other than routine day to day business, shall be undertaken and transacted by the directors;
 - 12.4.4 the Company shall keep books of account and therein make true and complete entries of all its dealings and transactions of and in relation to its business;

- 12.4.5 the Company shall include with the written notice for the first board meeting to occur after 14th May, 14th September, 14th November and 14th February in each Financial Year, unaudited management accounts for the Company in a form acceptable to the directors for the quarter ending on the previous 31st March, 30th June, 30th September and 31st December respectively;
- 12.4.6 the Company shall prepare its accounts on an historical cost basis and shall adopt such accounting policies as may from time to time be generally accepted in Scotland;
- 12.4.7 the Company shall prepare such accounts in respect of each accounting reference period as are required by statute and ensure procure that such accounts are audited as soon as practicable and in any event not later than 4 months after the end of the relevant accounting reference period;
- 12.4.8 the Company shall keep each of the Members fully informed as to all its financial and business affairs; and
- 12.4.9 if the Company requires any approval, consent or licence for the carrying on of its business in the places and in the manner in which it is from time to time carried on or proposed to be carried on the Company will use its best endeavours to maintain the same in full force and effect.

13. ADMINISTRATION OF THE FUND

- 13.1 Unless otherwise agreed by a majority of the directors of the Company either in writing or at a quorate meeting of the directors:-
 - 13.1.1 the auditors of the Company shall be [X];
 - 13.1.2 the bankers to the Company shall be [X];
 - 13.1.3 the registered office of the Company shall be at [X];
 - 13.1.4 the accounting reference date of the Company shall be 31st March in each year; and
 - 13.1.5 the secretary of the Company shall be the Fund Manager of the Company from time to time;
 - 13.1.6 each electronic payment by BACS transfer by the Company shall be signed or authorised (as the case may be) by one authorised signatory of the Company and each electronic payment by same-day transfer shall be signed or authorised by two authorised signatories of the Company.

14. DIRECTORS

- 14.1 The directors of the Company shall be appointed and removed in accordance with the Articles.

15. MEMBER'S PROTECTION

15.1 Matters requiring directors' approval

The Members shall exercise their powers in relation to the Company to procure that, except as otherwise provided or contemplated in this Agreement and except with the prior approval of a resolution of the directors or of a written resolution of the directors, the Company will not:-

- 15.1.1 enter into any service agreement with any employee or director which is not terminable without payment of compensation on not more than 3 months' notice;
- 15.1.2 dismiss any of its employees except in circumstances where the Company is entitled summarily to dismiss that employee;
- 15.1.3 enter into or vary any contract or arrangement (whether legally binding or not), with any of its directors or any Member or with any associate of a director or Member;
- 15.1.4 incur any material expenditure or liability of a capital nature (including, for this purpose, the acquisition of any asset under lease or hire purchase) except in respect of office machinery and equipment reasonably required in the ordinary course of its business;
- 15.1.5 enter into any contract or arrangement outside the ordinary course of its business with a value of more than £20,000;
- 15.1.6 pay any remuneration or expenses to any person other than as proper remuneration for work done or services provided or as proper reimbursement for expenses incurred in connection with its business;
- 15.1.7 make any gift or political or charitable donation;
- 15.1.8 except the guarantee granted in favour of WSLF and ESIF under Clause 5.2 of this Agreement, give any guarantee, indemnity or security in respect of the obligations of any other person;
- 15.1.9 create or allow to subsist any security over any of its assets;
- 15.1.10 borrow any money or obtain any advance or credit in any form;
- 15.1.11 lend any money to any person (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit to any person except in the normal course of business;
- 15.1.12 sell, transfer, lease, licence or in any other way dispose of any of its assets otherwise than in the ordinary course of its business; or
- 15.1.13 factor or assign any of its book debts.

15.2 Matters requiring Members' approval

Unless otherwise agreed between at least 75% of the Members in writing (or 75% of those Members present at a general meeting of the Company), the Members shall exercise their powers in relation to the Company to procure that (except as otherwise provided or contemplated in this Agreement) the Company will not:-

- 15.2.1 make any distribution out of capital profits or capital reserves;
- 15.2.2 pass any resolution (whether pursuant to Part 7 of the Companies Act 2006 or otherwise) whereby its classification or status may be changed;
- 15.2.3 alter the provisions of its Articles of Association or pass any resolution for winding up;
- 15.2.4 acquire or make any investment in another company or business or incorporate any subsidiary;
- 15.2.5 change the nature or scope of its business as carried on from time to time or commence any new business not being ancillary or incidental to such business;
- 15.2.6 enter into any partnership or joint venture with any other person;
- 15.2.7 pay any emoluments to the directors of the Company; or
- 15.2.8 admit any additional members of the Company.

16. DIRECTORS' INSURANCE

- 16.1 The Company shall be obliged to purchase and maintain for the directors of the Company a policy of insurance against liabilities incurred by a director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 16.2 The policy or policies of insurance purchased and maintained pursuant to clause 16.1 shall be such policy or policies as the directors of the Company resolve from time to time to purchase and maintain.

17. OPERATIONS OFFICERS

- 17.1 Each Member shall be entitled to appoint one Operations Officer by giving written notice to the Company of the appointment.
- 17.2 Each Member shall be entitled to remove their appointed Operations Officer by giving written notice to the Company of the removal.
- 17.3 For the avoidance of doubt, the appointment of an individual as an Operations Officer does not make that individual a director of the Company, although a Member shall be free to appoint a director of the Company as an Operations Officer of the Company.

- 17.4 The quorum for meetings of the Operations Officers shall be 6.
- 17.5 The Operations Officers shall be responsible for:-
- 17.5.1 the drafting, agreement and maintenance of the Operations Manual;
 - 17.5.2 the development of training programmes;
 - 17.5.3 the development and review of the Disaggregation Policy (although any changes to the Disaggregation Policy will only apply once they have been approved by the directors of the Company pursuant to clause 4.2);
 - 17.5.4 the development of an annual marketing and promotion strategy;
 - 17.5.5 the development of the Company's website; and
 - 17.5.6 such other tasks as the board of the Company may delegate to the Operations Officers from time to time.
- 17.6 Meetings and proceedings of the Operations Officers shall in all respects conform with this Agreement and any regulations imposed upon them from time to time by the board of the Company. Subject to any such regulations and this Agreement, the meetings and proceedings of the Operations Officers shall be governed (so far as applicable) by the provisions in the Articles regulating the meetings and proceedings of the board of the Company.

18. THIRD PARTY FUND MANAGEMENT SERVICES

- 18.1 In certain cases it may be in the interests of the Company and its Members to provide Third Party Fund Management Services. Such Third Party Fund Management Services may only be provided by the Company if they are approved in advance by a resolution (which may be in writing or approved at a meeting) of 75% of the directors of the Company. When determining whether to give such approval, the Members shall procure that the directors take account of the following:
- 18.1.1 the purposes set out in clauses 2.1.1, 2.1.2 and 2.1.3 must remain the principal purposes and objectives of the Company; and
 - 18.1.2 it is not in the interests of the Company or its Members to enter into any agreement to provide Third Party Fund Management Services that will result in a loss to the Company.

19. CONFIDENTIALITY

- 19.1 The Members undertake to each other and the Company that they will not, subject to any obligations on the Members in respect of Freedom of Information legislation, at any time hereafter use or divulge or communicate to any person other than to officers or employees of the Company or a Member whose province it is to know the same or on the instructions of the directors any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the

Company which may come to their knowledge and they shall use their best endeavours to prevent the publication or disclosure of any confidential information concerning such matters.

20. THE ARTICLES

- 20.1 If, during the continuance of this Agreement, there shall be any conflict between the provisions of this Agreement and the provisions of the Articles then, during such period, the provisions of this Agreement shall prevail.
- 20.2 Each of the parties hereof undertakes with each of the other to fully and promptly observe and comply with the provisions of the Articles to the extent and effect that each and every provision thereof shall be enforceable by the parties hereto inter se and in whatever capacity.
- 20.3 Nothing contained in this Agreement shall be deemed to constitute an amendment of the Articles or of any previous articles of association of the Company.

21. SUSPENSION AND TERMINATION

- 21.1 The Members may by special resolution:
 - 21.1.1 suspend a Member's membership of the Company on such terms as specified in the special resolution;
 - 21.1.2 rescind the suspension of a suspended Member; or
 - 21.1.3 terminate a Member's membership of the Company and status as a party to this Agreement.
- 21.2 A suspended Member shall not be entitled to direct the Company to make any Loans or make any use of the Allocated Monies except with the consent of the board of the Company. The other terms of this Agreement shall continue to apply to a suspended Member.
- 21.3 Any Member may terminate their membership of the Company at the end of any Financial Year provided that they give at least 12 months' written notice to the Company.
- 21.4 The termination of this Agreement however caused and the ceasing by any Member of its membership shall be without prejudice to any obligations or rights of any of the parties hereto which have accrued prior to such termination and shall not affect any provision of this Agreement which is expressly or by implication provided to come into effect on or to continue in effect after such termination.

22. PARTIES BOUND

- 22.1 The Company undertakes with each of the Members to be bound by and comply with the terms and conditions of this Agreement insofar as the same relate to the Company and to act in all respects as contemplated by this Agreement.

22.2 The Members undertake with each other to exercise their powers in relation to the Company so as to ensure that the Company fully and promptly observes, performs and complies with its obligations under this Agreement.

22.3 Each Member undertakes with each of the other parties hereto that whilst it remains a party to this Agreement it will not (except as expressly provided for in this Agreement) agree to cast any of the voting rights exercisable by it in accordance with the directions, or subject to the consent of, any other person (including another Member).

23. GENERAL

23.1 Notices

All notices which are required to be given hereunder shall be in writing and shall be sent to the address of the recipient set out in this Agreement or such other address as the recipient may designate by notice given in accordance with the provisions of this sub-clause. Any such notice may be delivered personally or by first class prepaid letter or by fax and shall be deemed to have been served if by personal delivery when delivered, or if by first class post 48 hours after posting and if by fax when despatched.

23.2 Successors bound

This Agreement shall be binding on and shall enure for the benefit of the statutory successors and assignees and personal representatives (as the case may be) of each of the parties hereto.

23.3 Assignment

None of the parties hereto may assign its rights or obligations in whole or in part hereunder without the prior written consent of the other parties hereto.

23.4 Good Faith

Each of the parties hereto undertakes with each of the others to do all things reasonably within its power which are necessary or desirable to give effect to the spirit and intent of this Agreement and the Articles.

23.5 Further assurance

The parties hereto shall, and shall use their respective reasonable endeavours to procure that any necessary third parties shall do, execute and perform all such further deeds, documents, assurances, acts and things as any of the parties hereto may reasonably require by notice in writing to the others to carry the provisions of this Agreement and the Articles into full force and effect.

23.6 Entire agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters dealt with herein and supersedes any previous agreement between the parties hereto in relation to such matters. Each of the parties hereto hereby acknowledges that in entering into this Agreement it has not relied on any representation or warranty except as expressly set out herein

or in any document referred to herein. No variation of this Agreement shall be valid or effective unless made by one or more instruments in writing signed by such of the parties hereto which would be affected by such variation.

23.7 Law

This Agreement shall be governed by and construed in accordance with Scots law and the parties hereto irrevocably submit to the exclusive jurisdiction of the courts in Scotland in respect of any dispute or matter arising out of or connected with this Agreement.

23.8 No partnership

Nothing in this Agreement shall constitute or be deemed to constitute a partnership between any of the parties hereto and none of them shall have any authority to bind the others in any way.

23.9 Waiver

No failure to exercise and no delay in exercising on the part of any of the parties hereto any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies otherwise provided by law.

23.10 Severability

Notwithstanding that any provision of this Agreement may prove to be illegal or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

23.11 Exercise of powers

Where any Member is required under this Agreement to exercise its powers to the Company to procure a particular matter or thing, such obligation shall be deemed to include an obligation to exercise its powers both as a Member and to procure that any director appointed by it (whether alone or jointly with any other person) shall procure such matter or thing.

24. WARRANTY OF AUTHORITY

24.1 Each member warrants to the other Members and to the Company that it has the necessary authority to enter into this Members' Agreement and to become a member of the Company.

25. **REGISTRATION**

- 25.1 The parties consent to the registration of this Agreement for preservation: IN WITNESS WHEREOF these presents consisting of this, the [X] preceding pages and the schedule in three parts annexed hereto are subscribed as follows:-

Subscribed for and on behalf of [X] by

_____, authorised signatory

at _____ on _____ before the
following witness:-

.....
Witness

.....
Authorised Signatory

.....
Witness' Full Name

.....
Witness' Address

.....

.....

This is the Schedule in three parts referred to in the foregoing agreement among the local authorities specified in this Schedule and Scottish Local Authorities Business Loan Fund Limited dated [X]

THE SCHEDULE - PART 1

THE MEMBERS

Column (1)

Column (2)

Member

Area

THE SCHEDULE - PART 2

THE INITIAL ALLOCATED MONIES

INITIAL ALLOCATION OF ERDF FUNDING

THE SCHEDULE - PART 3
THE INITIAL LOAN TARGETS

INCORPORATED UNDER THE COMPANIES ACT 2006

**PRIVATE COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE
CAPITAL**

ARTICLES OF ASSOCIATION

of

BUSINESS LOANS SCOTLAND LIMITED

(Adopted by written resolution on _____)



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INCORPORATED UNDER THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
OF
BUSINESS LOANS SCOTLAND LIMITED

(Adopted by written resolution on _____)

1. **PRELIMINARY**

The articles in the Model Articles for Private Companies Limited by Guarantee in Schedule 2 to The Companies (Model Articles) Regulations 2008 as amended shall not apply to the Company.

2. **INTERPRETATION**

In these regulations:-

"the Act"	means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;
"the Articles"	means the Articles of Association of the Company;
"the Auditor"	means the person or firm appointed from time to time to act as auditor of the Company within the provisions of the Act;
"the Board"	means the Board of Directors for the time being of the Company;
"clear days"	in relation to the period of a notice period means that excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"the Company"	means Business Loans Scotland Limited;
"Director"	means a member of the Board or a director as referred to in the Act;
"East Region Directors"	means the directors appointed to the Board by the East Region Members in accordance with Article 11;
"East Region Members"	means the following Members:- Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dundee, East Lothian, City of Edinburgh, Falkirk,

Fife, Midlothian, Perth & Kinross, Scottish Borders, Stirling and West Lothian;

"executed"	includes any mode of execution;
"H & I Region Directors"	means the directors appointed to the Board by the H & I Region Members in accordance with Article 11;
"H & I Region Members"	means the following Members:- Argyll & Bute, Eilean Siar, Highland, Moray, Orkney and Shetland;
"Member"	means a Member of the Company and includes any local authority specified in Article 4.1.1;
"Office"	means the registered office of the Company;
"Secretary"	means the Secretary of the Company or any other person appointed to perform the duties of the Secretary of the Company including a joint assistant or deputy secretary;
"Regions"	means the East Region, H & I Region and West Region and "Region" means any one of them;
"West Region Directors"	means the directors appointed to the Board by the West Region Members in accordance with Article 11;
"West Region Members"	means the following Members:- Dumfries & Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire;

and unless the context otherwise requires:

words importing the singular number only shall be deemed to include the plural, and vice versa;

words importing the masculine gender shall include the feminine gender and vice versa;

words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the company; and

the headings are inserted for convenience only and shall not affect the constitution of these Articles.

3. **LIABILITY OF MEMBERS**

- 3.1 The liability of the Members is limited.
- 3.2 Every Member undertakes to contribute to the assets of the Company in the event of the same being wound up while it is a Member, or within one year after it ceases to be a Member, for payment of the debts and liabilities of the Company contracted before it ceases to be a Member and of the costs, charges and expenses of winding-up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding One Pound Sterling (£1.00).

4. **OBJECTS OF THE COMPANY**

- 4.1 The objects for which the Company is established are:-
- 4.1.1 to hold and manage a fund and to use the fund, either with or without security provided by the recipient, to promote commerce by giving financial assistance by way of loans, donations or subscriptions or otherwise to any firm, company, individual, association or other body (whether incorporated or unincorporated) carrying on a commercial enterprise whose business is or is to be carried on in whole or in part from a location within any one of the following areas defined by section 1 and Parts I and II of Schedule 1 of the Local Government Etc (Scotland) Act 1994; (1) [LOCAL AUTHORITY]; (2) [LOCAL AUTHORITY] (collectively known herein as "**the Area**") provided that the Company may at its discretion continue to give such financial assistance as aforesaid in the event of the business subsequently moving to a location outwith the Area;
- 4.1.2 to obtain, collect, receive, raise and borrow money by donations, grants, loans, contributions and subscriptions (including deeds of covenant) and otherwise from Members and any other public or private association, trust, society, company, firm, organisation whomsoever, authority or whether incorporated unincorporated or (including, without limitation, the European Regional Development Fund, and any government departments, public corporations and local authorities) and by the issue of debentures, debenture stock, bonds, securities, bills of exchange, promissory other notes or such obligations as the Company may think fit, subject nevertheless to such conditions (if any) and such consents (if any) as may be required by law;
- 4.1.3 to invest the money of the company not immediately required for its objects on deposit or in any other investment offered by any bank, building society or other financial institution in the United Kingdom;
- 4.1.4 to purchase, take on feu or lease, licence or hire or otherwise acquire, in its own name or otherwise, maintain and alter and (subject to such consents (if any) as required by law) sell, grant securities over, lease, grant licences, servitudes and other rights or privileges over, exchange or otherwise deal with or dispose of any heritable or moveable or real or personal property (including any estate or interest therein);

- 4.1.5 to draw, make, accept, endorse, discount, negotiate, execute and issue and to buy, sell and deal with promissory notes, bills, cheques, warrants, debentures and other transferable instruments or securities and to operate bank accounts;
- 4.1.6 to liaise, co-operate, exchange information and enter into arrangements with any public bodies, local or governmental authorities, professional bodies, companies or committees, associations, societies or other bodies in all or in any part of the world for the purpose of promoting the objects of the Company;
- 4.1.7 to employ, hire or otherwise obtain and to pay remuneration to staff, professional advisers and consultants always excluding therefrom any directors of the Company;
- 4.1.8 to insure and arrange insurance cover for and to indemnify its officers, employees and voluntary workers and its members from and against, all such risks incurred in the course of the performance of their duties as may be thought fit;
- 4.1.9 to make all reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of officers and employees and their respective widows and dependants;
- 4.1.10 to establish, promote or encourage the formation of or to amalgamate, federate, affiliate, support, exchange information, enter into partnership or combine wholly with any other companies, institutions, societies, trusts or associations, firms or bodies (incorporated or unincorporated) which have objects altogether or mainly similar to those of the Company;
- 4.1.11 to apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere, any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections concessions and discoveries or techniques of any kind and to disclaim, alter, modify, develop, use and turn to account and to manufacture under or grant licences or privileges in respect of the same and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire and/or to secure the exploitation of the same by access to sources of finance from third parties and the provision of expertise;
- 4.1.12 to apply for, promote and obtain any Act of Parliament, concession, charter, privilege, licence or authorisation of any government, state or municipality, provisional order or licence or other authority to enable the company to carry any of its objects into effect for extending any of the powers of the Company or for effecting any modification of the constitution of the company or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interest of the Company;
- 4.1.13 to act as agents or brokers and as trustees for any person, firm or company and to undertake and perform sub-contracts and also to act

in any of the businesses of the Company through or by means of agents, brokers, sub-contractors or others;

- 4.1.14 to provide fund, portfolio, debtor or related management, operational or administration services for the Company or any third party public bodies, local or governmental authorities, professional bodies, companies, committees, associations, societies, firms, persons or other bodies;
- 4.1.15 to do all such other lawful things as shall further the above objects or any of them; and
- 4.1.16 to do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise and by or through agents or otherwise and either alone or in conjunction with others;

AND so that:-

- 4.1.17 none of the objects set forth in any sub-clause of this Article 4.1 shall be restrictively construed but the widest interpretation shall be given to each object and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Article 4, or by reference to or inference from the name of the Company; and
 - 4.1.18 none of the sub-clauses of this Article 4.1 and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have full power to exercise each and everyone of the objects specified in each sub-clause of this clause as if each such sub-clause contained the objects of a separate company.
- 4.2 The income and property of the Company, howsoever derived, shall be applied solely towards the promotion of the objects of the company as set forth in Article 4.1 and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of income or profit, to the Members; provided that nothing herein shall prevent:-
- 4.2.1 the payment in good faith of reasonable and proper remuneration and out-of-pocket expenses to any officer or servant or employee of or consultant to the Company in return for any services actually rendered to the Company; or
 - 4.2.2 the payment of interest at a rate not exceeding the then current market rate, on money lent by a Member of the Company or a reasonable and proper rent for premises leased to the Company by any Member; or
 - 4.2.3 the reasonable and proper payment for goods and/or services supplied to the Company by any of its Members.

5. **MEMBERS**

- 5.1 The number of Members shall not exceed thirty two. Only Local Authorities in Scotland may be Members.
- 5.2 No new Member shall be admitted without the prior written consent of 75% of the existing Members.
- 5.3 The rights of a Member shall not be assigned, transferred or transmitted other than to the statutory successor of a Member.
- 5.4 Subject to the preceding provisions of this Article 5, every Member shall, to become a Member, either sign and deliver an application or consent to become a Member in such form as the Board require or sign the Register of Members on becoming a Member.
- 5.6. A person shall cease to be a Member thirty one clear days after the Company receives from it notice of its intention to resign, or a resolution is passed by the Members in meeting without any opposition apart from the person proposed to be removed that it should cease to be a Member; provided always that any such person proposed to be removed shall be entitled to attend and make reasonable representations at any meeting voting thereon.

6. **GENERAL MEETINGS**

The Board may, whenever it thinks fit, convene a general meeting, and on the requisition of Members pursuant to the provisions of the Act shall forthwith proceed to convene a general meeting for a date not later than seven weeks after the receipt of the requisition failing which the requisitionists may do so as provided by Section 305 of the Act.

7. **NOTICE OF GENERAL MEETINGS**

- 7.1 A general meeting called for the passing of a special resolution shall be called by at least twenty one clear days' notice in writing. All other general meetings shall be called by at least fourteen clear days' notice in writing but a general meeting may be called by shorter notice if the Members who hold not less than ninety five per cent of the total voting rights of all the Members sign a consent to short notice form to that effect.

The notice shall specify the time and place of the meeting and in the case of special business the general nature of the business to be transacted. The notice shall be given to all the Members and to the Auditor.

- 7.2 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

8. **PROCEEDINGS AT GENERAL MEETINGS**

- 8.1 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided at least three Members from each Region or 30% of the Members from each Region (whichever is the higher) being present by in person (by authorised representative) or by proxy shall be a quorum.

- 8.2 If such a quorum is not present within half an hour from the time appointed for the meeting, the meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.
- 8.3 The Chairman, if any, of the Board shall preside as Chairman of the meeting but if the Chairman shall not be present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.
- 8.4 If no Director is willing to act as chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be Chairman.
- 8.5 A Director shall, notwithstanding that he himself is not a Member, be entitled to attend and speak at any general meeting.
- 8.6 The Chairman may, with the consent of the meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. Otherwise, it shall not be necessary to give notice of the adjournment or of the business to be transacted at an adjourned meeting.
- 8.7 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or, on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:-
- 8.7.1 by the Chairman; or
 - 8.7.2 by at least two Members present in person (or a corporation by their duly authorised representative) or by proxy; or
 - 8.7.3 by a Member or Members present in person or by proxy and representing not less than ten per cent of the total voting rights of all the Members having the right to vote at the meeting.
- 8.8 Unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 8.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be

taken to have invalidated the result of a show of hands declared before the demand was made.

- 8.8 Except as provided in Articles 8.9 and 8.12, a poll shall be taken at such time and place and in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 8.9 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith.
- 8.10 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a casting vote in addition to any other vote he may have.
- 8.11 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 8.12 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 8.13 Subject to the provisions of the Act, a resolution in writing executed by or on behalf of each Member who would have been entitled to receive notice of and to attend and vote at general meetings (or, being corporations, by their duly authorised representatives) shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in like form each executed by or on behalf of one or more Members.

9. VOTES OF MEMBERS

- 9.1 On a show of hands every Member present in person shall have one vote. On a poll every Member present in person or by proxy shall have one vote. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed shall be valid and counted. Any objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
- 9.2 The instrument appointing a proxy shall be in such form as the Board may require or in any other common or usual form and shall be deposited at the Office (or at such other place as is specified for that purpose in the notice convening the meeting) not less than Forty eight hours prior to the start of the relevant meeting.
- 9.3 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

- 9.4 A vote given in accordance with the terms of an instrument of proxy shall be valid provided that no intimation in writing of the revocation of the proxy shall have been received by the Company at the Office (or at such other place as is specified as the place for depositing proxies in the notice convening the meeting) before the commencement of the meeting or adjourned meeting at which the proxy is used.

10. **CORPORATIONS**

Any corporation (within the meaning of Section 1173(1) of the Act) which is a Member may by resolution of its board of directors or other governing body authorise a person to act as its representative at a meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member. A corporation so represented is deemed present in person at such a meeting.

11. **DIRECTORS**

- 11.1 Unless otherwise determined by ordinary resolution, the number of Directors shall not exceed twelve.

East Region Directors

- 11.2 The East Region Members shall, as a group, be entitled to appoint a maximum of three East Region Directors and (in addition to the retirement by rotation provisions in Article 11.3) to remove any East Region Director so appointed and, upon his removal, to appoint another person to act as an East Region Director in his place.

- 11.3 Each East Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the East Region Members shall, at that annual general meeting, appoint three East Region Directors their place.

- 11.4 Nothing in Articles 11.2 and 11.3 shall prohibit an individual from being reappointed as an East Region Director for more than one 12 month term.

H & I Region Directors

- 11.5 The H & I Region Members shall, as a group, be entitled to appoint a maximum of three H & I Region Directors and (in addition to the retirement by rotation provisions in Article 11.6) to remove any H & I Region Director so appointed and, upon his removal, to appoint another person to act as a H & I Region Director in his place.

- 11.6 Each H & I Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the H & I Region Members shall, at that annual general meeting, appoint three H & I Region Directors their place.

- 11.7 Nothing in Articles 11.5 and 11.6 shall prohibit an individual from being reappointed as an H & I Region Director for more than one 12 month term.

West Region Directors

- 11.8 The West Region Members shall, as a group, be entitled to appoint a maximum of three West Region Directors and (in addition to the retirement by rotation provisions in Article 11.9) to remove any West Region Director so appointed and, upon his removal, to appoint another person to act as a West Region Director in his place.
- 11.9 Each West Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the West Region Members shall, at that annual general meeting, appoint three West Region Directors their place.
- 11.10 Nothing in Articles 11.8 and 11.9 shall prohibit an individual from being reappointed as a West Region Director for more than one 12 month term.

Regional Management Groups

- 11.11 The East Region Directors, H & I Region Directors and West Region Directors shall be nominated for appointment at the annual general meeting of the Company by the relevant Region's Regional Management Group.
- 11.12 Members in each Region shall use all reasonable endeavours to agree at the annual general meeting of the company to appoint three Directors (being those nominated by the relevant Regional Management Group) to represent them.

Additional Directors

- 11.13 Subject to the provisions of Articles 11.2 to 11.10, the Directors may, by resolution, appoint such other individuals to be Directors, up to a maximum of three additional directors.
- 11.14 Directors may appoint alternate directors.

12. POWERS AND DUTIES OF THE BOARD

- 12.1 Subject to the provisions of the Act and their Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company as are not required by the Act or by these Articles to be exercised or done by the Company in general meeting and who may satisfy and pay all the expenses of, and preliminary to, the promotion, formation, establishment and registration of the Company. No subsequent alteration of the Articles and no such direction of the Company shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.
- 12.2 The Directors may exercise all the powers of the Company to raise and borrow money, and to grant securities over its undertakings and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as a security for any debt, or obligation of the Company.
- 12.3 The Board shall have power from time to time to adopt and make, alter or revoke bye-laws for the regulation of the Company and otherwise for the

furtherance of the purposes for which the Company is established, provided that such bye-laws are not repugnant to the Memorandum or the Articles.

12.4 All cheques, promissory notices, drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be in such manner as the Board shall from time to time by resolution determine.

12.5 The Board shall cause minutes to be made:-

12.5.1 of all appointments of officers made by the Board;

12.5.2 of the name of each Director present at each meeting of the Board and of any committee or sub-committee of the Board;

12.5.3 of all resolutions and proceedings at all meetings of the Company, and of the Board and of committees and sub-committees of the Board;

and every Director present at any meeting of the board shall sign his name in a book to be kept for that purpose. Any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be sufficient evidence without any further proof of the facts therein stated.

13. **PROCEEDINGS OF THE BOARD**

13.1 Subject to the provisions of the Articles, the Board may regulate their proceedings as they think fit and shall meet at least four times in each calendar year. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes, subject that no resolution of the Board shall be passed unless at least one East Region Director, one H & I Region Director and one West Region Director have voted in favour of it. In the case of an equality of votes, the Chairman shall not have a second or casting vote.

13.2 The quorum for the transaction of the business of the Board may be fixed by the Board but must always include at least one East Region Director, one H & I Region Director and one West Region Director.

13.3 The Board may elect a Chairman to preside at every meeting of the Board and determine the period for which he is to hold office, but if no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes of the time appointed for holding the meeting, the Directors may choose one of their number present to be Chairman of the meeting.

13.4 Any director or his alternate may validly participate in a meeting of the board or a committee of the board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating

is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting is.

- 13.5 The Board may delegate any of its powers to any one or more committees consisting of at least one East Region Director, one H & I Director and one West Region Director and such committees may further delegate any of their powers to sub-committees which may include Members who are not and have never been Directors. Such committees and sub-committees shall in all respects conform with any regulations imposed upon them from time to time by the Board and the constituting committee respectively. Subject to any such regulations, the proceedings of a committee or sub-committee shall be governed (so far as applicable) by the Articles regulating the meetings and proceedings of the Board. The Board may also delegate to any one Director such of its powers as it considers desirable to be exercised by him.
- 13.6 The Board and all committees and sub-committees shall be free to invite to their meetings any professional adviser to the Company or any other person or representative of any body which the Company or any committee or sub-committee may consider to have specialist knowledge useful for the purpose of the Company. Such invitees shall attend in a purely advisory capacity and shall have no voting rights.
- 13.7 All acts bona fide done as a result of a resolution of the Board or of a committee or sub-committee of the Board or by any other person acting as a representative of any of the foregoing shall, notwithstanding that it be afterwards discovered that there was some defect in the resolution or in the appointment of any such Director or person acting as aforesaid, or that he was disqualified or had vacated office, be as valid as if such resolution was duly passed or such Director or person had been appointed and was duly qualified to act.
- 13.8 A resolution in writing signed by all the Directors for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and construed and may consist of several documents in like form.

14. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 14.1 The office of a Director shall be vacated if:-

14.1.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or

14.1.2 he is adjudged bankrupt or his estate is sequestrated; or

14.1.3 he is, or may be, suffering from mental disorder and either:-

- (a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health (Scotland) Act 1984, or, in England and Wales, an application for admission for treatment under the Mental Health Act 1983, or
- (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver,

curator bonis or other person to exercise powers with respect to his property or affairs; or

14.1.4 he resigns his office by notice to the Company; or

14.1.5 he shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board or of committees or sub-committees of the Board held during that period and the Board resolve that his office be vacated; or

14.1.6 he is removed by the Region nominating him in accordance with Article 11; or

14.1.7 he is convicted of an offence which is likely in the reasonable opinion of the Board to bring the Company into disrepute.

14.2 The Company may in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given remove any Director (notwithstanding anything in these presents or in any agreement between the Company and such Director). In such a case, the Region who appointed the removed Director may appoint another in his stead.

15. **SECRETARY**

Subject to the provisions of the Act, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions consistent with Article 3.2 as they may think fit; and any Secretary so appointed may be removed by them.

16. **EXECUTION**

The Directors shall execute documents for and on behalf of the Company in accordance with the provisions of the Act provided that the Board may authorise any other person or persons to execute documents on its behalf either by a power of attorney or a resolution of the Board.

17. **ACCOUNTS**

17.1 The Board shall cause proper accounting records to be kept in accordance with the Act.

17.2 The accounting records shall be kept at the Office, or subject to the Act, at such other place or places as the Board shall think fit and shall always be open to the inspection of the Directors.

17.3 No Member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Board, or by ordinary resolution of the Company or ordered by a Court of competent jurisdiction.

17.4 A proper income and expenditure account shall be made up in respect of each financial year of the Company in accordance with the Act together with a proper balance sheet made up as at the date to which the said account is made up. The said account and the said balance sheet shall be accompanied by proper reports of the Directors and of the Auditor and by any other

documents required by law to be annexed or attached thereto ("**the Accounts**"). The Accounts shall from time to time be laid before the Company in general meeting in accordance with the Act and shall be sent not less than twenty one clear days before the date of the meeting to the Auditor and to all other persons entitled to receive notices of general meetings in the manner in which notices are hereinafter directed to be served.

18. **NOTICES**

- 18.1 Any notice to be given to or by any person pursuant to the Articles shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice except that a notice calling a meeting of the Board need only be in such form as is approved by the directors from time to time.

In this Article, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

- 18.2 Notice may be given to a Member or other person entitled in terms of the Articles to receive notice either personally or by sending it by post to his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member.
- 18.3 A Member present, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 18.4 Proof that an envelope containing the notice was properly addressed, pre-paid and posted shall be conclusive evidence that the notice was given and unless the contrary is proved, it shall be deemed to have been given at the expiration of forty eight hours after the envelope containing it was posted. Proof that a notice contained in an electronic communication was sent in accordance with the guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given and unless the contrary is proved, such an electronic communication shall be deemed to have been given at the expiration of 48 hours after the time it was sent.

19. **INDEMNITY**

- 19.1 Subject to the provisions of the Act and of Article 3 but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 19.2 The Board shall have power to purchase and maintain for any Director or other officer of the Company, insurance against any such liability as is referred to in section 233 of the Act.

20. **WINDING-UP**

20.1 If, upon the winding-up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall be paid or distributed either:

20.1.1 not among the Members, but shall be given or transferred either outright or in trust to some other trusts, companies, organisations, associations or institutions having objects similar to the objects of the Company and subject to the same or similar restrictions to and which are at least as strict as those contained in Article 4.2 and this Article 20, such trusts, companies, organisations, associations or institutions to be determined by the Members at or before the time of dissolution; or

20.1.2 if at least 75% of the Members agree in writing, given or transferred to the Members to be used by that Member only to support businesses in Scotland.

APPLICATION FORM FOR MEMBERSHIP OF BUSINESS LOANS SCOTLAND LIMITED

To:

The Directors
Business Loans Scotland Limited
302 St Vincent Street
Glasgow
G2 5RZ

Dear Sirs

We, _____ having its principal office at

_____ hereby apply to become a Member of Business Loans Scotland Limited (SC500710) ("**the Company**").

We understand that the liability of each Member of the Company is limited to £1.00, and we undertake to contribute £1.00 to the assets of the Company if it is wound up while we are a Member or within one year after we cease to be a Member, for

1. payment of the Company's debts and liabilities contracted before we cease to be a Member,
2. payment of the costs, charges and expenses of the winding up, and
3. adjustment of the rights of the contributories among the Members.

We confirm that we intend to lend £_____ over a three year period and agree to commit 30% of the value of this lending as our contribution to the match funding requirement.

Yours faithfully

Signature

Full Name of Signatory

Full Name of Local Authority

Date

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15th September 2015
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Art Gallery Redevelopment - fundraising
REPORT NUMBER	ECS/15/048
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides the Committee with information on the philanthropic and public fundraising campaign for the Art Gallery redevelopment.

2. RECOMMENDATION(S)

The Committee notes progress with the campaign.

3. FINANCIAL IMPLICATIONS

The Art Gallery redevelopment cost is expected to be £30m. £10m has already been secured from the Heritage Lottery Fund. The City Council has committed £10m and in addition, has agreed to underwrite a public and philanthropic fundraising campaign to raise £10m.

4. OTHER IMPLICATIONS

The investment in the Art Gallery and its collections is critical to ensure the protection of key elements of the history, heritage and collective memory of the city. In doing so, the redevelopment will also result in innovative ways to display and exhibit the collections.

5. BACKGROUND/MAIN ISSUES

5.1 The report to Committee on 18th February 2015 outlined the initial support from the Marguerite McBey Trust, the stage one funding received from the Heritage Lottery Fund and the successful achievement of the stage two application, for £10m. The report also reflected on the work undertaken to assess the approaches which

might best assist raise other external funding to offset the Council's underwriting of the cost of the redevelopment.

5.2 One key aspect of the advice was to set up an independent charitable body, formed as the Aberdeen Art Gallery and Museums Development Trust, a Scottish Charitable Incorporated Organisation, SC045363. The Trustees, working closely with the Campaign Manager, have been developing the fundraising campaign. The Development Trust has been undertaking this "behind-the-scenes" work, including commencing the many conversations and discussions necessary to encourage tangible support for the campaign from individuals, organisations and by applications to grant-giving charitable bodies and trusts.

5.3 The preparatory work has included scoping the strategy, developing a brand and marketing campaign; artwork has been developed and a photo opportunity to launch the Development Trust on 25th August in the Maritime Museum.

5.4 The first phase of the campaign is to seek to secure major gifts from a small number of supporters and then to encourage contributions from a wider range of individuals and organisations. The public element of the fundraising comes later in the campaign. Nevertheless, it is now possible to donate to Aberdeen Art Gallery and Museums Development Trust (SCIO No. SC045363) by texting AAGM001 to 70970 to donate (£5 is suggested as a donation), or through the website www.aagm.co.uk.

5.5 While work is still at a comparatively early stage, the fundraising campaign is on course to make a significant contribution to the overall costs of the redevelopment.

6. IMPACT

Corporate – The report relates to the Council's 5 year Corporate Business Plan, 'Aberdeen - the Smarter City', where "we will embrace the distinctive pride the people of Aberdeen take in their city and work with them to enhance the sense of well-being here, building strong communities which look out for, and look after one another."

Specifically in terms of Smarter Living (Quality of Life):

We will improve access to and increase participation in arts and culture by providing opportunities for citizens and visitors to experience a broad range of high quality arts and cultural activities We 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 and diverse cultural events for the whole community and beyond.

This report contributes to the Education & Children's Services' priorities, and the City's Cultural strategy, 'Vibrant Aberdeen' as the project will improve the City's cultural profile.

It also supports the three aspects of the Shaping Aberdeen Vision, People, Place and Resources, as it relates to the Council's Strategic Infrastructure Plan and explicitly the realisation of the Art Gallery redevelopment and City Centre Masterplan.

Public - this report is likely to be of interest to the public, given the nature and location of the development.

7. MANAGEMENT OF RISK

Risk relates primarily to the timing of external funding being raised, particularly in the context of the current local and wider economic situation. This may have an effect on the Council's Capital programme. However, the Development Trust has been created to support the city's Art Gallery and Museums on an on-going basis and will continue to fund raise.

8. BACKGROUND PAPERS

Art Gallery redevelopment – fundraising, Finance, Policy & Resources Committee, 18th February 2015 (ECS/15/006);

Art Gallery Redevelopment Programme - Procurement of the Construction Works (ECS/14/046);

Art Gallery redevelopment programme – procurement of the Museums Collections Centre, Education, Culture and Sport Committee, 27th March 2014;

Aberdeen Art Gallery redevelopment programme, Urgent Business Committee, 29th November 2012;

Aberdeen Art Gallery redevelopment, Education, Culture and Sport Committee, 7th June 2012 and Finance and Resources Committee, 21st June 2012;

Progress report on proposals to redevelop Aberdeen Art Gallery, 18th November 2010;

Progress report on proposals to redevelop Aberdeen Art Gallery and Report on improving access to the Museums and Galleries Collections, Culture and Sport Committee, 27th May 2010.

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	FINANCE, POLICY & RESOURCES COMMITTEE
DATE	15 TH SEPTEMBER 2015
INTERIM DIRECTOR	ANGELA SCOTT, CHIEF EXECUTIVE
TITLE OF REPORT	REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 (“RIPSA”) – CORPORATE PROTOCOL AND PROCEDURES AND TRAINING PLAN
REPORT NUMBER:	CG/15/90
CHECKLIST RECEIVED	YES

1. PURPOSE OF REPORT

The purpose of this report is to seek Members approval of the revised Aberdeen City Council Corporate Protocol and Procedures on Covert Surveillance. In addition, the report outlines a newly developed RIPSA Training Plan for Members endorsement.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Approve the Revised Aberdeen City Council Corporate Protocol on Covert Surveillance as set out in Appendix 1 of this report.
- 2.2 Endorse the RIPSA Training Plan detailed in Appendix 2 of this report.
- 2.3 Otherwise note the report.

3. FINANCIAL IMPLICATIONS

There are no financial implications at this time as delivery of the training programme outlined within the RIPSA training policy will be delivered within existing resources.

4. OTHER IMPLICATIONS

Failure to have proper arrangements in place for the management of covert activities may leave the Council open to challenge on the legality of investigations and would have detrimental impact on the operation of a number of areas of investigatory and enforcement work.

5. BACKGROUND/MAIN ISSUES

- 5.1 There are a range of situations in which the Council's employees, in the course of their duties, have to carry out investigations and activities which, by their very nature are covert, i.e. they are concealed, secret or clandestine. In accordance with the Human Rights Act 1998, it is essential that covert investigations are compatible with Article 8 of European Convention on Human Rights (ECHR) which states that: *"everyone has the right to respect of family and private life, his home and correspondence"*.
- 5.2 The Regulation of Investigatory Powers (Scotland) Act ("RIPSA") came into force on 29th September 2000 and is applicable in Scotland only. It provides a legal framework for covert surveillance by public authorities and an independent inspection regime to monitor these activities. RIPSA sets out a process for the authorisation of covert surveillance by designated officers, for the duration of that authorisation and for the review, termination or renewal of authorisations.
- 5.3 The primary purpose of RIPSA is to ensure compliance with ECHR Article 8 in relation to covert surveillance. As such, so long as local authority investigators, acting in the course of their duties, ensure that they obtain authorisation **and** that they act in accordance with that authorisation, any interference with Article 8 rights will be in accordance with the law and therefore the activities and evidence of investigating officers will be lawful.
- 5.4 The Office of the Surveillance Commissioner is responsible for overseeing the use of covert surveillance by designated public authorities based in the UK, of which the Council is one. OSC conduct an inspection of the Council's arrangements in respect of RIPSA every three years. Previous inspections took place in 2005, 2008 and 2011. The recommendations arising from previous audits were all implemented prior to the 2014 inspection which took place on 24th April 2014.
- 5.5 The Full Inspection Report concluded that the *"Council has invested considerable resources in aiming for legislative compliance and the policies, guidance and training materials provide good examples of how Councils can be properly prepared. Most of the staff seen by the Inspector know and understand what is required, save in relation to CHIS (Covert Human Intelligence Source)."*

- 5.6 The Inspection Report makes three recommendations, namely:
- 5.6.1 That the Council amends its protocol and procedures document to address the issues discussed in the Inspection Report.
 - 5.6.2 That there should be an audit of Council Staff to identify those who hold either an investigative or enforcement function and then provide training tailored to the needs of those officers on RIPSAs to ensure that they have the knowledge required which is commensurate with their responsibilities.
 - 5.6.3 That authorisations should always address in full the activity authorised, where and how: this should be monitored by the oversight regime which should also be taking steps to ensure that all authorisations are cancelled as soon as they are no longer required.
- 5.7 An action plan to address these recommendations was considered and approved by the Audit, Risk & Scrutiny Committee at its meeting on 23rd September 2014. Since then, Officers within Legal Services have been implementing the agreed actions and, in connection with Recommendation 1, a revised Corporate Protocol and Procedure document is presented to Members for approval via this report.
- 5.8 The Aberdeen City Council Corporate Protocol and Procedures on Covert Surveillance outlines the core principles which apply within Aberdeen City Council in respect of the use of covert surveillance by staff. Further, it outlines the process which must be followed in situations where directed surveillance or a Covert Human Intelligence Source is to be utilised by Aberdeen City Council.
- 5.9 The Protocol and Procedure document are designed to be used alongside the Scottish Government Code of Practice on Covert Surveillance and Property Interference and the Scottish Government Code of Practice on the Use of Covert Human Intelligence sources. The procedures have been revised and updated to address the specific comments made by the OSC Inspector during his inspection in 2014 and to incorporate best practice as detailed in the December 2014 published OSC Revised Procedures and Guidance for Covert Surveillance.
- 5.10 The RIPSAs Training Plan has been developed in order to meet Recommendation 2 of the OSC Inspection undertaken in 2014. Following a desk top audit of job roles, a process is in place to categorise each Job Role within Aberdeen City Council as a Tier

0, Tier 1, Tier 2 or Tier 3 post. The Training Plan addresses the training needs for each Tier, ranging from general awareness raising for Tier 3 identified posts to detailed and in depth training for Tier 0 identified posts. Further, the Training Plan identifies the frequency to which training refresher / update will be required for each Tier. Training to meet the needs of officers at all 4 Tiers is presently being developed and roll out of revised training opportunities will commence in October 2015.

6. IMPACT

Failure to have in place proper arrangements for the management of the Council's covert activities has a potential negative impact on the Council's compliance with the obligations arising from the ECHR.

7. MANAGEMENT OF RISK

Proper procedures for the management of any covert activities undertaken by the Council are necessary in order to ensure the Council is compliant with legislation and that the risk of interference with individuals human rights is minimised. Implementing the Recommendations arising from the OSC Inspection of the Council's arrangements supports the management of this risk by ensuring the Council's arrangements reflect best practice as highlighted during the Inspection process.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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APPENDIX ONE – DRAFT RIPSA PROTOCOL

Aberdeen City Council

Corporate Protocol and Procedures on Covert Surveillance

Issue 2 (August 2015)

Contents

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1. Introduction

- 1.1 This protocol provides an overview of the arrangements Aberdeen City Council has in place to manage occasions on which it is necessary for Officers to undertake covert surveillance, either via Directed Surveillance (DS) or through the use of a Covert Human Intelligence Source (CHIS).
- 1.2 This Protocol and Procedure document should be used in conjunction with the Scottish Government “Covert Surveillance and Property Interference Code of Practice”, the Scottish Government “Use of Covert Human

Intelligence Sources Code of Practice” and the Office of the Surveillance Commissioners (OSC) “Revised Procedures and Guidance for Covert Surveillance”. All three publications are available on the RIPSA page of the Zone.

2. Overview of Legislative Position

- 2.1 There are a range of situations in which the Council’s employees, in the course of their duties, have to carry out investigations and activities which, by their very nature are **covert**, i.e. they are concealed, secret or clandestine.
- 2.2 Under the Human Rights Act 1998 (‘HRA 1998’) it is unlawful for a public authority to act in a way which is incompatible with a European Convention on Human Rights (‘ECHR’) right.
- 2.3 In accordance with the HRA 1998, it is essential that covert investigations are compatible with Article 8 of ECHR which states that: *“everyone has the right to respect for his private and family life, his home and correspondence”*.
- 2.4 The rights guaranteed in Article 8 can be interfered with if such action can be justified as being in accordance with the law and necessary in the interests of at least one of the following:
 - national security;
 - public safety;
 - the economic well-being of the country;
 - the prevention of disorder or crime;
 - the protection of health or morals; or
 - the protection of the rights and freedoms of others.
- 2.5 The Regulation of Investigatory Powers (Scotland) Act 2000 (“RIPSA”) came into force on 29th September 2000 and is applicable in Scotland only. It provides a legal framework for covert surveillance by public authorities and an independent inspection regime to monitor these activities. RIPSA sets out a process for the authorisation of covert surveillance by designated officers, for the duration of that authorisation and for the review, termination or renewal of authorisations.
- 2.6 The primary purpose of RIPSA is to ensure compliance with ECHR Article 8 in relation to covert surveillance. As such, so long as local authority investigators, acting in the course of their duties, ensure that they obtain authorisation **and** that they act in accordance with that authorisation, any

interference with Article 8 rights will be in accordance with the law and therefore the activities and evidence of investigating officers will be lawful.

3. Definitions

3.1 Surveillance includes:

- Monitoring, observing or listening to persons, their movements, their conversation or their other activities or communication.
- Recording anything that is monitored, observed or listened to in the course of surveillance.
- Surveillance by or with the assistance of a surveillance device

3.2 Surveillance can be overt or covert.

- Overt: Surveillance is overt where it is carried out in such a way that anyone subject to it is aware that the surveillance is taking place

Examples:

- CCTV cameras recording general scene since members of the public should have been aware of such use by placed notices
- City Warden observations in the Community as their presence will be obvious due to their uniforms.

- Covert: Surveillance is covert where it is carried out in such a way that anyone subject to it is unaware that the surveillance is taking place.

Examples:

- External Agency requesting access to Council CCTV system to undertake a specific investigation
- Covert video recording of Trading Standards test purchasing
- Covert monitoring of Social Media Profile(s) of a client / customer

3.3 RIPSAs only applies to **covert surveillance** – no authorisation is necessary for overt surveillance. Officers who are unsure if the surveillance they plan to

conduct is overt or covert should seek advice from Team 2, Commercial and Advice, Legal Services prior to undertaking the surveillance.

3.4 Covert Surveillance should only be undertaken by suitably trained or experienced employees and consideration must be given to employees Health & Safety at all times.

3.5 There are three types of covert surveillance, only two of which Aberdeen City Council can conduct:

- **Directed Surveillance (DS)**

- Surveillance which is covert but not intrusive and undertaken:
 - For the purposes of a specific investigation or specific operation
 - and
 - In such a manner as is likely to result in the obtaining of private information about any person.
- Private information includes information relating to the person's private or family life including the way in which a business is run

- **Covert Human Intelligence Source (CHIS)** (See section 6 for further guidance)

- A CHIS establishes or maintains a false personal relationship with others to obtain or access information covertly
- Covers some 'undercover work' undertaken by local authorities where the officer (without disclosing his or her true identity) pursues an investigation by dealing with a particular individual gaining their confidence with a view to securing information
- May also apply to situations where a Council Officer receives information from someone who approaches them voluntarily on repeated occasions.

- **Intrusive Surveillance**

- Covert surveillance carried out in relation to anything taking place on any residential premises or in any private vehicle which

involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.

- No provision within RIPSA for a local authority to conduct intrusive surveillance, only a Chief Constable can authorise such surveillance being undertaken.
- As such, Local Authority Officers **MUST NOT** engage in intrusive surveillance

4. Key Principles

4.1 In order to be lawful, covert surveillance must:

- Have a **lawful purpose** which directly relates to Aberdeen City Council's regulatory functions and be in pursuance of one of the following:
 - For the purpose of preventing or detecting crime or the prevention of disorder
 - In the interests of public safety
 - For the purposes of protecting public health
 - For any other purpose prescribed in an order made by the Scottish Ministers.
- Be **necessary**
 - Covert surveillance can only be undertaken where there is no reasonable and effective alternative way of achieving the desired objectives.
 - Necessity must be viewed in all of the circumstances of the specific case
- Be **proportionate**
 - The use and extent of covert surveillance should not be excessive and should be proportionate to the significance of what is being investigated.

- If the same information could be gathered by less infringement of a citizen's rights then the lesser path should be taken.
 - In considering proportionality consideration should be given to the seriousness of the alleged behaviour / breach
- 4.2 In addition, surveillance should be planned in such a way as to avoid any confidential material, such as matters subject to legal privilege, confidential medical information or confidential journalistic material, from being obtained and applications where there is a significant risk of acquiring confidential material require to be authorised by the Chief Executive or, in her absence, the Director who is deputising for her as Head of Paid Service.

5. Training

- 5.1 Aberdeen City Council has a RISPA Training Policy. This identifies a process whereby each job role within the authority is tiered as applicable to the roles exposure to Covert Surveillance activities.
- 5.2 Any officer of the Council who wishes to make an application for authorisation for Covert Surveillance **MUST** have undertaken the Tier 1 training as detailed in this Training Policy prior to doing so.

6. Covert Human Intelligence Source (CHIS)

- 6.1 Where an employee establishes or maintains a relationship with a view to obtaining or accessing information covertly, a CHIS Authorisation is necessary. This includes situations where, without disclosing his or her true identity, an officer pursues an investigation by dealing with a particular individual over a prolonged period thereby gaining this confidence with a view to securing information.
- 6.2 In addition, a CHIS can be a person who supplies information to a Council employee on a purely voluntary basis where it has not been sought out by the authority. If the information being provided is recorded as potentially useful or actionable, the Council has a duty of care to the individual and, in order to manage this source appropriately, an authorisation may be necessary. In situations where the Council is receiving information from a voluntary source, particularly attention must be given to paragraphs 2.16; 2.17 and 2.23 – 2.25 of the Scottish Government "Covert Human Intelligence Sources Code of Practices".
- 6.3 There are a number of groups to which special consideration must be given prior to their use as a CHIS:

- Juvenile: Juvenile source are those under the age of 18. The maximum duration of authorisation for juvenile sources is one month as opposed to the usual 12 month duration for adult sources.
- Vulnerable Individuals: A vulnerable individual is a person who may be in need of community care services by reason of mental or other disability, age or illness **and** who is or may be unable to take care of himself, or be unable to protect himself from significant harm of exploitation. Only in the most exceptional of circumstances should vulnerable individual be authorised as a source.

Only the Chief Executive, or in her absence the Director deputising for her as Head of Paid Service, can authorise an application to authorise the use of juveniles or vulnerable individuals as a source.

6.4 Authorisation for the use of a Covert Human Intelligence Source (CHIS) can only be granted if sufficient arrangements are in place for handling the Source. Those arrangements that are required are:

- That a suitably training and / or experienced Officer is appointed as the Handler of the Source. The Handler is responsible for dealing with the CHIS on behalf of the Council; directing the day to day activities of the CHIS; recording information supplied by the CHIS and monitoring the CHIS's security and welfare.
- That a suitably senior Officer, normally the Handler's Line Manager, is appointed as the Controller of the Source. The Controller is responsible for the supervision of the Handler and for general oversight of the use of the CHIS.
- That the Authorising Officer is satisfied that suitable arrangements are in place for maintaining a record of the use made of the source including:
 - The identity of the Source and the identity used by the Source in the operation
 - The detail of any other relevant investigating authority involved
 - The means by which the Source is referred in each investigating authority
 - Any other significant information connected with the security and welfare of the source and confirmation these have been properly explained to and understood by the Source
 - The date when and the circumstances in which the Source was recruited

- The identities of the Handler, Controller and Authorising Officers and the period(s) in which these people have discharged their responsibilities
- All contacts / communications between the Source and the Handler
- Information obtained through the conduct on use of the Source and any dissemination of that information.

7. Application Process

- 7.1 Prior to any application being made, the applicant must contact the Secretary to the Head of Legal & Democratic Services (E-mail: adonald@aberdeencity.gov.uk; Ext: 3031) to request a Unique Application Reference Number which will apply to the application. This Number must be inserted on each page of the application form.
- 7.2 Before any specific covert surveillance is undertaken, the relevant officer requires to complete a “Directed Surveillance Application Form” or a “CHIS Application Form”, print and sign the application and submit it in hard copy to an Authorising Officer for consideration. These application forms can be downloaded from the RIPSAs page on the Zone. No Covert Surveillance can be undertaken prior to a specific authorisation being granted.
- 7.3 The role of the Applicant is to present the facts to the Authorising Officer. Facts must include:
- The **issue** being investigated;
 - **Why** the investigation has to be covert;
 - **What** covert surveillance is requested and why;
 - **Where** and **When** the covert surveillance will take place;
 - **Who** the covert surveillance will focus on;
 - **Who** else may be affected by the covert surveillance;
 - **How** it is intended to conduct the covert surveillance.

Further, for an application for the authorisation of a use of a CHIS, the following additional information is also required:

- The **identity** of the CHIS, the Controller and the Handler.
- Details of the risk assessment undertaken on the **security** and **welfare** of using the source.

In addition, the completed Application Form must provide sufficient detail to allow the following points to be considered:

- Necessity
 - The application must state which of the four purposes outlined in paragraph 4.1 above apply.
 - In addition, specific detail of which legislative provision(s) apply, and/or which powers the Council is seeking to utilise, should be detailed.
 - The application must detail why the application is necessary at the time it is made, it is not appropriate to seek authorisation for activities that may be necessary at some point in the future.

- Effectiveness
 - The application must detail how the covert surveillance will be undertaken and who will do it, the time period(s) and date(s) when it will be done, and the location. It can be useful to provide a map or illustration of the site in order to demonstrate to the Authorising Officer the sight lines and why the location chosen is suitable for the intended operation.

- Collateral Intrusion
 - The application must demonstrate that account has been taken of the likely nature and degree of intrusion into the privacy of persons other than the intended target of the investigation.
 - The application must detail what measures will be taken to avoid unnecessary intrusion into the lives of others. It is necessary that all reasonable practicable measures are implemented.

- Proportionality
 - The application should outline the following factors for the Authorising Officers consideration:
 - The balance of the size and scope of the operation against the gravity and extent of the perceived mischief
 - How and why the methods proposed will cause the least possible intrusion on the target and other people
 - That the covert surveillance activity proposed is the only reasonable way, having considered any other possible ways, of obtaining the desired result

Further guidance on proportionality is set out in a Guidance Note on Proportionality which is contained in Appendix One of this protocol and is also available on the Zone.

A guide on completing the application form is contained in Appendix Two of this protocol.

The entire application process is summarised in a flowchart in Appendix Three of this protocol.

- 7.4 Upon completion, the application form is passed to one of the Council's four Authorising Officers.

8. Authorising Officers

- 8.1 An Authorising Officer is a person who is entitled to give an authorisation for covert surveillance in accordance with the applicable regulations. No other officer, with the exception of that outlined in paragraph 8.3 below, is able to authorise covert surveillance to take place.
- 8.2 It is the responsibility of the Authorising Officer to assess and approve the necessity and proportionality of any proposed covert surveillance activity.
- 8.3 Aberdeen City Council has four RIPSAs Authorising Officers:

Name	Job Title	Contact Details
Carole Jackson	Protective Services Manager	E-mail: cjackson@aberdeencity.gov.uk Ext: 2057
Hugh Murdoch	Transportation Manager	E-mail: hughm@aberdeencity.gov.uk Ext: 3965
Wayne Connell	Revenue & Benefits Manager	E-mail: waynec@aberdeencity.gov.uk Ext: 6868
Wendy Carle	Housing Manager	E-mail: wcarle@aberdeencity.gov.uk Ext: 89526

- 8.4 In addition, and as stated in paragraph 4.2 above, if there is a significant risk of confidential material (for example matters subject to legal privilege, confidential medical information or confidential journalistic material) being acquired during the covert surveillance, the application requires to be authorised by the Chief Executive or, in her absence, by the Director who is deputising for her as Head of Paid Service.

9. Authorising Process

- 9.1 Authorising Officers should avoid authorising activities / operations for which they have responsibility wherever possible and should only do so in exceptional circumstances.
- 9.2 Prior to authorising the use of directed surveillance, Authorising Officers must satisfy themselves that:
- The application form has been completed correctly and that it addresses all the requirements of RIPSA and the Code of Practice on Covert Surveillance and Property Interference and/or the Code of Practice on the Use of a Covert Human Intelligence Source.
 - That the application is for one of the lawful purposes set out in the Act
 - Whether all of the required considerations have been addressed adequately
- 9.3 Where there is insufficient evidence within the application to enable the Authorising Officer to adequately consider the use of directed surveillance or a CHIS, the Authorising Officer should be prepared to challenge the content of the application form and refuse or limit the extent of authorisation.
- 9.4 Authorising Officers must also consider the health and safety of the staff involved prior to giving authorisation, in line with current Council policies and procedures. For this purpose, when completing the application, a risk assessment must be carried out and recorded on the application form. The risk assessment must determine the risk to the source of the tasking proposed. The likely consequences should the role of the source become known and the on-going security and welfare of the source both during the authorisation and following the cancellation of the authorisation.
- 9.5 Authorising Officers determine whether to approve or refuse the application for covert surveillance. If the application is approved, the Authorising Officer must detail:
- A description of the covert surveillance activity authorised
 - Detail of the exact extent of the covert conduct authorised including the time period(s) in which it will take place and the location(s) where it will be conducted. The “5 W’s” – **Who, What, Where, When** and **How** – must be detailed clearly in the application.

This may not always accord with the full extent of the application and will depend on circumstances.

- 9.6 It is **essential** that all original paperwork be forwarded by Authorising Officers to the Head of Legal & Democratic Services who maintains the Central

Register of all Directed Surveillance and CHIS Applications and Authorisations. All documents created under RIPSAs are highly confidential and shall be treated as such. All will be stored, retained and destroyed within the requirements of the Data Protection Act 1998 and any relevant retention policy of the Council.

- 9.7 Where it is in the overriding public interest to secure information by covert surveillance as a matter of urgency, when it would not be practicable to do anything other than act immediately, urgent authorisation can be granted verbally. Such authorisation can last for a maximum of 72 hours and must be recorded in writing as soon as reasonably practicable.

10. Authorisation Review and Cancellation

- 10.1 Each written authorisation for Directed Surveillance expires **3 months** after the date on which it was granted. A written authorisation for a CHIS expires **12 months** after the date on which it was granted. At any time before an authorisation expires, it can be **extended** for a further 3 month period, subject to an Authorising Officer agreeing that such an extension is necessary.
- 10.2 In addition, each authorised covert surveillance operation must be **reviewed** at intervals of not more than one month by the Authorising Officer who authorised the application. Any changes in circumstances must be considered. The review may lead to the authorisation being continued, the authorisation being varied or the authorisation being cancelled. Where it is not reasonably practicable for the same Authorising Officer to undertake the review (i.e they are out of the country, or have left employment with Aberdeen City Council), the review can be undertaken by another Authorising Officer.
- 10.3 The Authorising Officer who granted or last renewed the authorisation must **cancel** an authorisation if he/she is satisfied that the directed surveillance operation is no longer necessary or proportionate. The cancellation should occur as soon as possible. Where it is not reasonably practicable for the same Authorising Officer to undertake the cancellation (i.e they are out of the country, or have left employment with Aberdeen City Council), the cancellation can be made by another Authorising Officer.
- 10.4 All original review and cancellation paperwork must be forwarded by the Authorising Officer to the Head of Legal & Democratic Services for retention in the Central Register. As previously, documents within the central register are highly confidential and will be stored, retained and destroyed within the requirements of the Data Protection Act 1998 and any relevant retention policy of the Council.

11. Monitoring and Quality Control

- 11.1 Each Service or discrete location within a Service must maintain its own record of all applications made for authorisation, including instances where an application has been refused, renewals, reviews and cancellations. This record must be kept in a secure, locked location. Separate files should be maintained in respect of the authorisation of directed surveillance and the authorisation of covert human intelligence sources.
- 11.2 All original paperwork and operational practice will be reviewed by appropriate Officers as Applications are received by the Head of Legal & Democratic Services. The purpose of these reviews will be to identify any areas of procedural or policy weakness. If necessary, Applicant Officers and Authorising Officers may be contacted as part of this review and learning points from each will be addressed via appropriately formatted briefings.

12. Oversight of Covert Surveillance Arrangements

- 12.1 The Office of Surveillance Commissioners (OSC) provides independent oversight of the use of powers contained within RIPA.
- 12.2 OSC conduct Inspection Visits to each public authority on a triannual basis during which a sample of applications for authorisation are reviewed by the Inspector in detail.

13. Complaints

- 13.1 The Regulation of Investigatory Powers Act 2000 ("the UK Act") establishes an Independent Tribunal, called the Investigatory Powers Tribunal. This Tribunal has jurisdiction for authorisations granted under the Scottish Act.
- 13.2 The Tribunal is a court which investigates and determines complaints of unlawful use of covert techniques by public authorities which infringe on an individual's right to privacy.

14. Further Information

- 14.1 Further information about the Council's procedures for authorising Covert Surveillance can be accessed on the Zone -
http://thezone/cg/LegalServices/rm_covertsurveillance.asp

Also available on this page is:

- Scottish Government Covert Surveillance and Property Interference Code of Practice
- Scottish Government Covert Human Intelligence Sources Code of Practice
- Office of Surveillance Commissioner Procedures and Guidance: Oversight arrangements for covert surveillance and property interference conducted by public authorities (NB: This publication must not be shared externally to Aberdeen City Council)

14.2 Further advice on any aspect of Covert Surveillance procedures can be sought by any Service from Legal Services by contacting the Team Leader (Team 2 – Commercial & Advice).

APPENDIX ONE

Guidance Note on Proportionality

The term's 'necessity' and 'proportionality' are not defined within RIPSAs, but are 'imported from the European Convention on Human Rights.

'Necessity' is a concept which guards against the arbitrary interference with a citizen's rights. There are three statutory grounds of 'necessity' inherent in section 6(3) of RIPSAs, namely; the prevention and detection of crime or prevention of disorder, the interests of public safety and the protection of public health. In addition to this, the law requires the interference to be proportionate and in response to a pressing 'social need'.

'Proportionality' is a difficult concept to grasp but a paramount consideration for Officers who are responsible for completing and authorising Application forms for Directed Surveillance and the use of a Covert Human Intelligence Source or CHIS.

Proportionality-

An illustration of how the Court assesses the 'proportionality test' can be found on the case of *Peck v UK*. Footage of Peck carrying a large knife was captured on CCTV cameras in Brentwood High Street, shortly after his attempt to commit suicide. The CCTV operator (an employee of Brentwood County Council) contacted the Police who arrested Peck and detained him under Mental Health legislation. A few months later, stills from the CCTV footage were used in an advertising campaign to promote the CCTV system.

Further to this, footage of Peck was broadcast on national television. Although Peck's face had been masked in one of the broadcasts, the masking was held to be inadequate, as persons who knew Peck could easily identify him from the footage. Peck then made an application to the European Court of Human Rights on the grounds that his rights under Articles 8 (right to respect for private and family life) had been violated. Peck argued that it was the disclosure of that footage to the

public in a manner in which he could never have foreseen which gave rise to such an interference.

In considering whether the interference with his right to privacy was proportionate, the Court had regard to:

1. the failure of the Council to attempt to identify Peck and seek his consent to the disclosure of the footage,
2. the failure of the Council to have 'masked' the image of Peck or enter into a written agreement with the media organisations ensuring that this would be done appropriately,
3. the strong interest the Government has in detecting and preventing crime by use of a CCTV system, and
4. the purpose for publishing the footage.

The Court held that Peck was a victim of a serious interference with his right to privacy involving national and local media coverage. In addition, disclosures by the Council of the CCTV material in '*CCTV news*' and to the '*Yellow Advertiser*', Anglia television, and the BBC were not accompanied by sufficient safeguards to prevent disclosure inconsistent with the guarantees of respect for the Pecks's private life contained in Article 8. As such, the disclosure constituted a disproportionate and therefore unjustified interference with his private life and a violation of Article 8.

Officers should have in mind a wide range of factors when assessing whether an investigation is 'proportionate' to the achieved aim. Below is listed for information some considerations that should be taken into account. This list is not exclusive.

- Interests affected

Identify whose and what interests are affected. Have you considered the risks involved and prepared for them?

- Extent of interference

Must have regard to the extent of the interference, have less intrusive measures been exhausted first, can you consult with other agencies?

- Duration of the interference
Duration should not be excessive, consider planning, times and places of surveillance.
- Seriousness of the offence involved
Is surveillance excessive in light of the offence involved? Is there a pressing social need?
- Availability of less intrusive alternatives of investigation
Can the aim of the investigation be achieved without surveillance?
- Structured objectives
Operational implications of the investigation
- Absence of irrationality, arbitrariness and unfairness
Are you being unfair, have you made reasonable enquiries with the individual prior to considering surveillance, is what you wish to do relevant? Can you justify interfering with that person's human rights to achieve your aim?
- Relevant and sufficient reasons affected
Be clear with your decision making and evidence on the application form that you have considered the above.

Ultimately, a balance will be required to be struck between the needs of society and the rights of individuals.

APPENDIX TWO

Guide on completing the Application Form

 REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 (RIP(S) ACT) APPLICATION FOR AUTHORISATION TO CARRY OUT DIRECTED SURVEILLANCE	
Public Authority <i>(including full address)</i>	
ABERDEEN CITY COUNCIL Town House Broad Street ABERDEEN AB10 1AQ	
Unique Reference Number* (*Filing Ref)	
Insert the unique reference number provided by the Head of Legal's PA. This should be inserted on every page.	
Name of Applicant	Unit/Branch/Division
This should be the investigating officer's full name.	
Full Address	
This should be the full postal address.	
Contact Details	
All known contact details should be provided. Include the dialling code, extension numbers and email address.	
Investigation/Operation Name (if applicable)	
An operation or investigation name or reference number must be included. This must be something that officers can link to the record/ file within their office that corresponds with the complaint, allegation or investigation.	

Details of application:

1. Give rank or position of authorising officer in accordance with The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Order 2000, No 343; The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Amendment Order 2001, No. 87; and The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Amendment (No. 2) Order 2003, No. 50 ¹

It is a statutory requirement that certain officers are granted powers to authorise surveillance. In ACC this is the Director, Head of Service or Third Tier officer, where appropriate. The full job details of the authorised officer must be inserted here including their level in ACC. For up to date information, see the Zone.

Why are you investigating this subject matter, what piece of legislation empowers you to undertake an investigation and enforce that particular law/ offence?

2. Describe the conduct to be authorised and purpose of the investigation or operation.

3. Identify which grounds the directed surveillance is necessary under section 6(3) of RIP(S) Act. *delete as inapplicable*

- For the purpose of preventing or detecting crime or of preventing disorder;
- In the interests of public safety;
- For the purpose of protecting public health.

One of the grounds must be selected and the other non relevant grounds deleted. If you select the first ground, you will be required to detail what alleged crime/ offence has been committed. If you cannot satisfy a ground you should not continue with the application.

¹ For Local authorities: The exact position of the authorising officer should be given. For example, Head of T rather than officer responsible for the management of an investigation.

4. Explain why directed surveillance is necessary in this particular case.

You are required to explain why a covert operation will obtain the information you want

5. Explain why the directed surveillance is proportionate to what it seeks to achieve (why is the intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means?)

Expanding on what you've put in 4. above, be clear about what efforts you've made to ascertain the information prior to this application e.g. house visits, written communication. Is what you are intending on doing excessive, is there a less intrusive way to get the information/ intelligence required? Have previous attempts of ascertaining the information failed?

6. Describe the nature of the surveillance to be authorised, including any premises or vehicles involved (e.g. camera, binoculars, video recorder) that may be used.

7. Describe the investigation or operation to be carried out. The identities, where known, of those to be subject of the directed surveillance.

Name: Address: O. B: Other information as appropriate:

You should include in this section whether surveillance is static, on foot, in a vehicle or a residence. Also what the surveillance involves; cameras, video, photographs, visual monitoring equipment, notebooks etc, whether a corroborating officer will be undertaking the surveillance; the times and location of the surveillance e.g the postal address. If you have a map of the area you are carrying out the surveillance in, mark this up and attach this to the application form.

Where this information is known please ensure you insert it. If you have a description of the subject of surveillance then this should also be included. If you do not know the details of the subject, clarify why these details aren't known.

8. Explanation of the information which it is desired to obtain as a result of the directed surveillance.

You should include here what you want the surveillance to provide. This can be an expansion or repetition of 2.

9. Details of risk assessment on the security and welfare of those carrying out the directed surveillance.

Either include a copy of a risk assessment or detail what the risks are, how you have planned to minimise them and what exit strategy you have employed. Always have regard to the type of location someone is being tasked to observe/visit.

10. Collateral intrusion.

THE USE OF DIRECT SURVEILLANCE WITHIN THE PUBLIC DOMAIN WILL LEAD TO COLLATERAL INTRUSION OF OTHERS NOT ENGAGED IN SUSPECTED ILLEGAL OR CRIMINAL ACTIVITY. PERSONS WHO HAVE LEGITIMATE ACCESS TO AREAS WHICH ARE SUBJECT TO COVERT SURVEILLANCE MAY BE SUBJECTED TO COLLATERAL INTRUSION. ALL REASONABLE EFFORTS MUST BE MADE TO MINIMISE COLLATERAL INTRUSION. THIS WILL INCLUDE:

- UTILISATION OF TRAINED SURVEILLANCE OPERATIVES WITH APPROPRIATE KNOWLEDGE AND EXPERTISE
- FOCUSING OF SURVEILLANCE ON THE SUBJECTS OF AUTHORISATION
- DAILY BRIEFING AND DEBRIEFING OF AND TO LINE MANAGERS
- CONSTANT REVIEW AND ASSESSMENT OF OPERATIONAL TACTICS.

INDICATE THE EXTENT OF ANY POTENTIAL FOR COLLATERAL INTRUSION ON PERSONS OTHER THAN THOSE TARGETED: (INCLUDING DETAILS IN THE BOX BELOW OF PLANS TO MINIMISE COLLATERAL INTRUSION)

In this section you need to be clear as to the potential for collateral intrusion. If others may also be surveyed, you need to identify how you will minimise this risk, if possible and what steps you'll take to record your observations.

Unique Reference
Number* (*Filing Ref)

11. Confidential Information

INDICATE THE LIKELIHOOD OF ACQUIRING ANY CONFIDENTIAL INFORMATION:

Confidential information is information which is subject to legal professional privilege (communications between a professional legal adviser and their client), personal information (such as information relating to someone's physical or mental health e.g. medical records) and journalistic material, e.g. the source of information. Any investigation/ operation which is likely to obtain confidential information should be authorised by the Chief Executive.

12. Anticipated Start

Date:

Time:

13. Applicant's Details

Name (print)

Tel No:

Grade/Rank

Date:

Signature

This section is to be completed by the Applicant

14. Confirmation of urgent authorisation: details of why application is urgent.

15. Authorising Officer's comments explaining why in his view the directed surveillance is necessary and proportionate. This box must be completed.

In this section the Authorising Officer needs to expand on why the surveillance is required, and why having regard to all the circumstances, it should be authorised.

An urgent authorisation may be authorised if an officer was out on official duty but not working under an authorisation and the authorising officer was of the view that the time taken to authorise the surveillance would be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being sought. Details of the time, date and reason for granting an urgent authorisation should be completed by the Authorising Officer who sanctioned it.

Unique Reference Number* (*Filing Ref)	

16. Authorising Officer's Statement

I, [insert name], hereby authorise the following directed surveillance investigation/operation []. This authorisation will cease to have effect at the end of the period of three months commencing on the date of authorisation, unless renewed in writing (see separate form for renewals).

This authorisation will be reviewed frequently (see below) to assess the need for the authorisation to continue.

Name (Print):		Grade/Rank:	
Signature:		Date:	
		Time:	

Date of first review:	
Date of subsequent reviews of this authorisation:	

In this section the Authorising Officer should explain in his/her own words What is being authorised, Why the surveillance is necessary, whom the surveillance will be directed against, Where and When it will take place, what surveillance activity/ equipment will be used and How is it to be achieved.

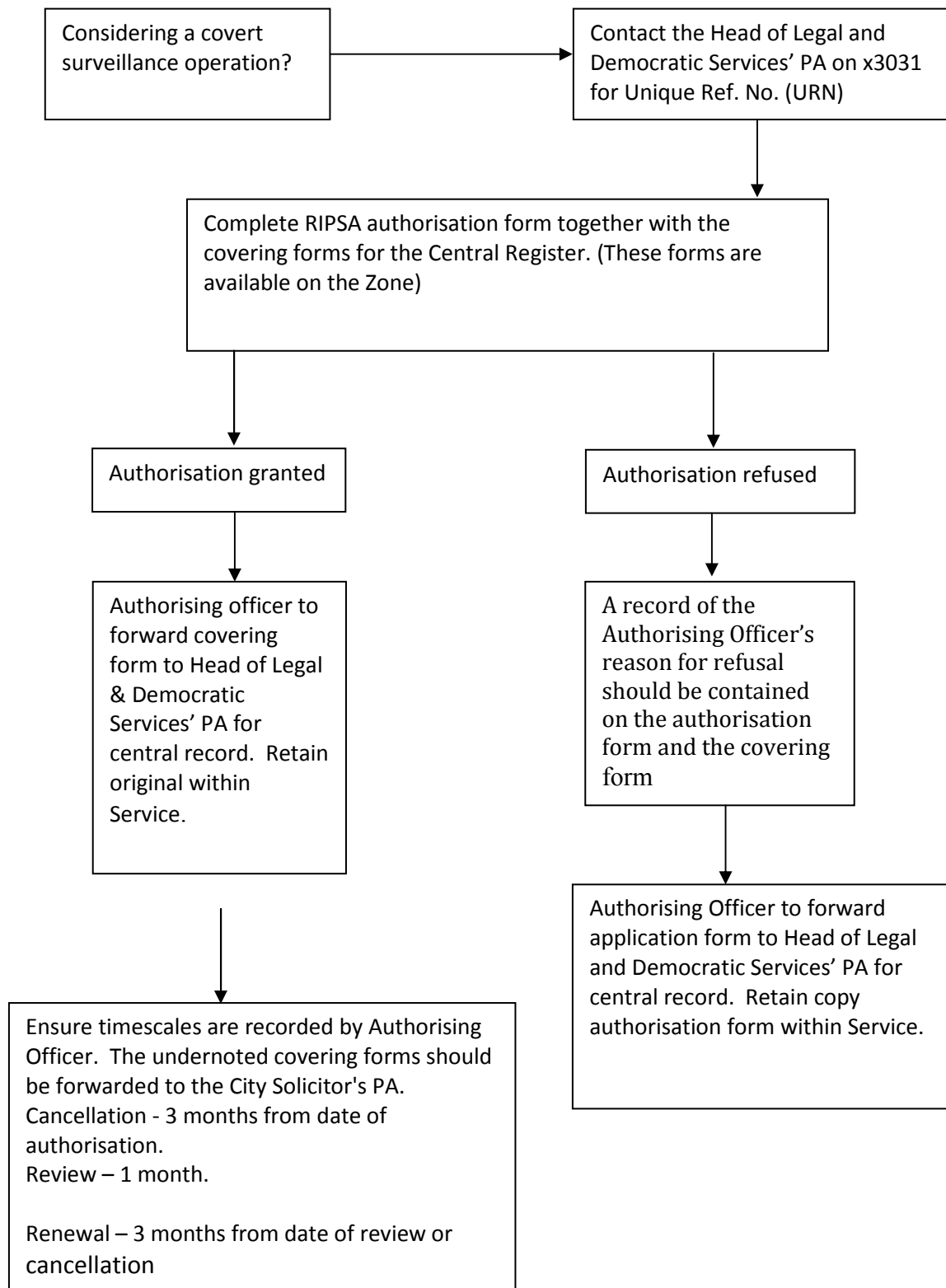
16. Confidential Information Authorisation.

Name (Print)		Grade/Rank	
Signature		Date	

This section should be completed by the Chief Executive and should set out why it's necessary and proportionate to obtain confidential information having regard to the particular investigation.

APPENDIX THREE

RIPSA Authorisation Process



REMEMBER - it's the AUTHORISING OFFICER'S responsibility to ensure that the surveillance operation is cancelled, renewed and reviewed timeously.

APPENDIX TWO – RIPSA TRAINING POLICY

Aberdeen City Council

Regulation of Investigatory Powers (Scotland) Act (“RIPSA”)

Training Policy – Version 1 (August 2015)

Introduction

This policy outlines the training that will be provided across Aberdeen City Council in connection with powers under RIPSA to conduct Covert Surveillance in certain, limited circumstances.

The aim of this policy is to ensure that, across the organisation a high level of awareness of the restraints of undertaken covert surveillance exists and, where necessary, training of a suitably detailed nature is delivered in order that Officers are familiar with the legal and procedural requirements relating to Covert Surveillance. A further aim of the Training Policy is to ensure that those Officers who undertake Directed Surveillance and Covert Human Intelligence Source (CHIS) applications and those Officers appointed as Authorising Officers for such applications receive regular opportunities to refresh and update their knowledge and skills in this area.

Classification of Job Roles

For the purposes of identifying RIPSA training requirements, all job roles within Aberdeen City Council will be classified into one of four tiers. This classification is undertaken using a simple review as detailed in the flowchart in Appendix One:

Tier	Description	Example Job Roles
Tier 0	RIPSA Authorising Officers (including the Chief Executive and Directors who, in the absence of the Chief Executive deputise as the Head of Paid Service) Officers within Legal Services with responsibility for oversight of RIPSA.	Solicitors Legal Team Leaders
Tier 1	Job Roles held by Officers who do or will prepare applications for consideration by a RIPSA Authorising Officer.	Trading Standards Officers Environmental Health Officers Fraud Officers Service Manager – Community Safety
Tier 2	Job Roles identified as those which have an Investigative or Enforcement function.	Anti-Social Behaviour Investigation Officers City Wardens Social Workers Licensing Standards Officers Human Resources Advisers / Investigatory Officers
Tier 3	All other job roles.	

Training Requirements

Tier 0 Roles: Officers identified in Tier 0 roles must attend RIPSAs Authorising Training as soon as possible following their appointment. No Officer in Tier 0 will be permitted to Authorise or Review an Application for Covert Surveillance prior to having attended this training.

Officers should receive refresher training every 2 – 3 years and receive Update Bulletins, including practice improvement notes developed from previous applications, on at least one occasion per year.

Tier 1 Roles: Officers identified in Tier 1 roles must attend RIPSAs in Practice Training as soon as possible following their appointment. No Officer in Tier 1 will be permitted to make a Directed Surveillance or CHIS Application prior to having attending this training.

Officers in Tier 1 should attend refresher training every 2 -3 years and will receive Information Bulletin updates as appropriate.

Tier 2 Roles: Officers identified in Tier 2 roles will be invited to complete an on-line training module 'An overview of RIPSAs'. Officers will be reminded, via a rolling campaign of Information Posters and Zone banners, of the importance of considering whether covert surveillance of individuals is being undertaken and of appropriate steps being taken to regulate such activity prior to it being undertaken. In addition, an article about Covert Surveillance will be published within the Service specific newsletter / briefing for each service in which Tier 2 Officers are identified.

If any Officer identified as being in Tier 2 requires to make an application for authorising of Directed Surveillance or CHIS, they will require to complete the RIPSAs in Practice Training detailed in Tier 1 above prior to doing so.

Tier 3 Roles: Officers in Tier 3 will be exposed to the rolling campaign of Information Posters and Zone banners which will seek to raise awareness of Covert Surveillance and the need for such activity to be properly authorised prior to taking place.

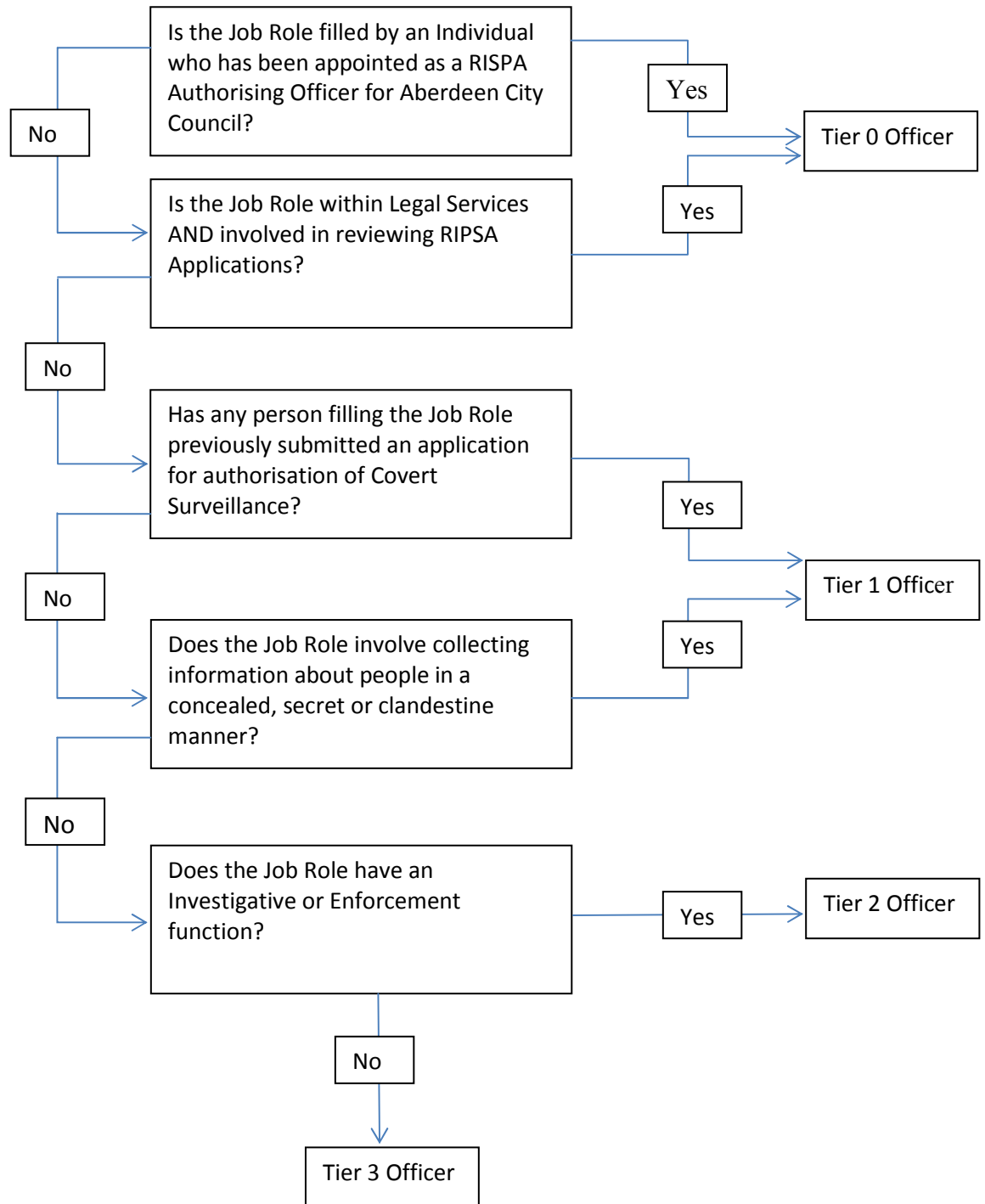
Any Officer in Tier 3 who recognises that they may partake in Covert Surveillance as part of their job role will be required to complete the

RIPSA in Practice Training outlined in Tier 1 above as soon as possible following this recognition.

Review

This training policy will be kept under review by Officers in Legal Services and will be subject to a formal review not more than three years following implementation.

Appendix One



Equality and Human Right Impact Assessment: The Form



EHRIA

There are separate guidance notes to accompany this form – “Equality and Human Rights Impact Assessment – the Guide.” Please use these guidance notes as you complete this form.

Throughout the form, **the word “proposal” refers to policy, strategy, plan, procedure, report or business case.** This then, embraces a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Please also refer to the “Completion Terminology” at the end of the form.

1: Equality and Human Rights Impact Assessment- Essential Information									
Name of Proposal: Regulation of Investigatory Powers (Scotland) Act 2000 – Revised Council Protocol and Training Policy	Date of Assessment: 19 th August 2015								
Service: Legal & Democratic Services	Directorate: Corporate Governance								
Committee Name or delegated power reference (Where appropriate): Finance, Policy & Resources Committee	Date of Committee (Where appropriate): 15 th September 2015								
Who does this proposal affect? Please Tick ✓	<table> <tr> <td>Employees</td> <td>☒</td> </tr> <tr> <td>Job Applicants</td> <td>☒</td> </tr> <tr> <td>Service Users</td> <td>☒</td> </tr> <tr> <td>Members of the Public</td> <td>☒</td> </tr> </table>	Employees	☒	Job Applicants	☒	Service Users	☒	Members of the Public	☒
Employees	☒								
Job Applicants	☒								
Service Users	☒								
Members of the Public	☒								

	Other (List below)	
2: Equality and Human Rights Impact Assessment- Pre-screening		
Is an impact assessment required?	Yes ☒	No ☐
If No, what is the evidence to support this decision? (Once this section is completed, please complete section 8 of the form).		

3: Equality and Human Rights Impact Assessment	
a- What are the aims and intended effects of this proposal?	To ensure that Aberdeen City Council has suitable procedures in place to: - Ensure that covert surveillance is only undertaken where there it is lawful, necessary and proportionate - Ensure covert surveillance is only undertaken by suitably trained individuals and only when proper authorisation is provided
b- What equality data is available in relation to this proposal? (Please see guidance notes)	None – covert surveillance can be applied to any person where it is lawful, necessary and proportionate. There has been no previous equality monitoring undertaken in respect of those who have been subject to covert surveillance.

c- List the outcomes from any consultation that relate to equalities and/or human rights issues e.g. with employees, service users, Unions or members of the public that has taken place in relation to the proposal.	None.
d- Financial Assessment If applicable, state any relevant cost implications or savings expected from the proposal.	Costs (£) Implementation cost £ 0 Projected Savings £ 0

e- How does this proposal contribute to the public sector equality duty: to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations?	Not Applicable.
f- How does this proposal link to the Council's Equality Outcomes?	Not Applicable.

4: Equality Impact Assessment - Test					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Age (People of all ages)	X				
Disability (Mental, Physical, Sensory and Carers of Disabled people)	X				
Gender Reassignment	X				
Marital Status (Marriage and Civil Partnerships)	X				
Pregnancy and Maternity	X				

Equality Impact Assessment Test:					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Race (All Racial Groups including Gypsy/Travellers)	X				
Religion or Belief or Non-belief	X				
Sex (Women and men)	X				
Sexual Orientation (Heterosexual, Lesbian, Gay And Bisexual)	X				
Other (e.g: Poverty)	X				

5: Human Rights Impact Assessment Test	
Does this proposal have the potential to impact on an individual's Human Rights? Evidence of impact and , if applicable, justification where the impact is proportionate	
Article 2 of protocol 1: Right to education	☐ Yes ☐ No ☒ Evidence:
Article 3: Right not to be subjected to torture, inhumane or degrading treatment or punishment	☐ Yes ☐ No ☒ Evidence:

Article 6: Right to a fair and public hearing	Yes ☐ No ☒ Evidence:
Article 8: Right to respect for private and family life, home and correspondence	Yes ☒ No ☐ Evidence: As detailed in the report, the primary purpose of RPSA is to ensure compliance with Article 8 in relation to covert surveillance. It provides a legal framework for covert surveillance which the Aberdeen City Council protocol sets out. By adhering to the protocol, the Council can ensure that interference with Article 8 rights is in accordance with the law, being lawful, necessary and proportionate.

Article 10: Freedom of expression	Yes ☐ No ☒ Evidence:
Article 14: Right not to be subject to discrimination	Yes ☐ No ☒ Evidence:
Other article not listed above, please state:	Yes ☐ No ☒ Evidence:

6: Assessment Rating:	
Please rate the overall equality and human right assessment (Please see Completion terminology)	☐ Red ☐ Red Amber ☐ Amber ☒ Green
Reason for that rating:	By adopting the RIPSA Protocol and implementing the training policy and oversight regime outlined in it, Aberdeen City Council can ensure that, any interference with individuals Human Rights as a result of Covert Surveillance being undertaken is ECHR compliant.

7: Action Planning
As a result of performing this assessment, what actions are proposed to remove or reduce any risks of adverse outcomes identified on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?

Identified Risk and to whom:	Recommended Actions:	Responsible Lead:	Completion Date:	Review Date:
Interference with Article 8 rights of individuals subject to covert surveillance	By implementation of the ACC Protocol and training policy the framework to ensure any covert surveillance undertaken is lawful is in place.	ACC	On-going	On-going
8: Sign off				
Completed by (Names and Services) :	Fiona Smith, Governance Support Officer, Legal & Democratic Services			
Signed off by (Head of Service) :	Fraser Bell, Head of Legal & Democratic Services.			
Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal document and/or committee report to: Equalities Team Customer Service and Performance				

Corporate Governance
Aberdeen City Council
Business Hub 13
Second Floor North
Marischal College
Broad Street
Aberdeen
AB10 1AB

Telephone 01224 523039 Email sandrab@aberdeencity.gov.uk

9: Completion Terminology:	
Assessment Pre-screening Rating:	This section will highlight where there is the obvious potential for a negative impact and subsequent risk of negative media coverage and reputational damage to the Council. Therefore, a full impact assessment is required, for example around sensitive issues such as marching, Gypsy/ Traveller issues, change to social care provision. It should also be completed to evidence why a full impact assessment was not required, example, there is no potential negative impact on people.
Assessment Rating:	After completing this document, rate the overall assessment as follows: Red: As a result of performing this assessment, it is evident that we will discriminate (direct, indirect, unintentional or otherwise) against one or more of the nine groups of people who share <i>Protected Characteristics</i>. It is essential that the use of the proposal be suspended until further work or assessment is performed and the discrimination is

	removed. Red Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists to one or more of the nine groups of people who share <i>Protected Characteristics</i>. However, a genuine determining reason may exist that could legitimise or justify the use of this proposal and further professional advice should be taken. Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists and this risk may be removed or reduced by implementing the actions detailed within the <i>Action Planning</i> section of this document. Green: As a result of performing this proposal does not appear to have any adverse impacts on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.
Equality Data:	Equality data is internal or external information that may indicate how the proposal being analysed can affect different groups of people who share the nine <i>Protected Characteristics</i> – referred to hereafter as ‘<i>Equality Groups</i>’. Examples of <i>Equality Data</i> include: (this list is not definitive) 1: Application success rates by <i>Equality Groups</i> 2: Complaints by <i>Equality Groups</i> 3: Service usage and withdrawal of services by <i>Equality Groups</i> 4: Grievances or decisions upheld and dismissed by <i>Equality Groups</i> Certain discrimination may be capable of being justified on the grounds that:
Genuine Determining Reason	(i) <i>A genuine determining reason exists</i> (ii) <i>The action is proportionate to the legitimate aims of the organisation</i>

	Where this is identified, it is recommended that professional and legal advice is sought prior to completing an Equality Impact Assessment.
Human Rights	The rights set out in the European Convention on Human Rights, as incorporated into the UK Law by the Human Rights Act 1998.
Legal Status:	This document is designed to assist us in “ <i>Identifying and eliminating unlawful Discrimination, Harassment and Victimisation</i> ” as required by <i>The Equality Act Public Sector Duty 2011</i> . An Equality Impact Assessment is not, in itself, legally binding and should not be used as a substitute for legal or other professional advice.

ABERDEEN CITY COUNCIL

COMMITTEE	FINANCE, POLICY & RESOURCES COMMITTEE
DATE	15 TH SEPTEMBER 2015
INTERIM DIRECTOR	ANGELA SCOTT
TITLE OF REPORT	CORPORATE DATA PROTECTION POLICY AND PROCEDURES
REPORT NUMBER	CG/15/91
CHECKLIST COMPLETED	Yes/No

1. PURPOSE OF REPORT

The purpose of this report is to seek Members approval to a revised Corporate Data Protection Policy and associated Data Protection Procedures.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Approve the Corporate Data Protection Policy contained in Appendix One of this report.
- 2.2 Approve the various Corporate Data Protection procedure documents appended to the report, namely:
 - Corporate Creating Personal Information Procedure (Appendix Two)
 - Corporate Access to Personal Information (Subject Access) procedure (Appendix Three)
 - Corporate Access to Personal Information (Third Party Access) procedure (Appendix Four)
 - Corporate Sharing Personal Information Procedure (Appendix Five)
 - Corporate Data Protection Incidents Procedure (Appendix Six)

3. FINANCIAL IMPLICATIONS

There are no specific financial implications arising from the recommendations set out in the report.

4. OTHER IMPLICATIONS

Failure to have proper policy and procedures in place for the handling of personal information by Aberdeen City Council may leave the Council open to challenge from individuals and the Information Commissioner (ICO) on the manner in which personal information is processed.

5. BACKGROUND/MAIN ISSUES

5.1 The Data Protection Act 1998 (DPA 1998) is legislation which applies to all organisations and individuals in the UK who are defined as a Data Controller. A Data Controller is a body or person who determines how personal information, that being information which relates to a living individual and from whom that individual can be identified, is to be used. For the purposes of the DPA 1998, ACC is registered as a Data Controller.

5.2 The DPA 1998 incorporates, as Data Protection Principles, the rules of good information handling practice. In addition, the spirit of the DPA 1998 is to help to secure an individual's right to privacy. As such the DPA 1998 sets out the standards which must be applied by ACC in the handling of personal information.

5.3 Aberdeen City Council has had a Data Protection policy and procedures in place since the DPA 1998 was enacted. As a consequence of a number of recent developments, including the outcome of an assessment of the Council's Data Protection arrangements by the ICO and the publishing of a number of new ICO Codes of Practice, it was felt appropriate to undertake a review.

5.4 The intention of the revised policy and procedures is to reflect good practice and to streamline and simplify arrangement where possible. The Corporate Data Protection Policy and associated Data Protection procedures outline the manner in which ACC will meet the obligations and duties which the DPA 1998 sets out. These corporate documents will be supported with Service specific procedures where necessary.

6. IMPACT

Failure to have in place comprehensive and up-to-date arrangements for the management of personal information held by Aberdeen City Council has a potential negative impact on the Council's compliance with the obligations arising from the DPA 1998.

In addition, failure to have in place procedures which ensure that the rights of data subjects are upheld by the Council has a potential negative impact on those individuals.

7. MANAGEMENT OF RISK

Proper policy and procedures for the processing of personal information by the Council are necessary in order to ensure the Council is compliant with the DPA 1998 and meets its obligations towards individual data subjects. Implementing robust procedures for the various ways in which personal information is processed by Aberdeen City Council manages this risk.

8. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

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APPENDIX ONE – DATA PROTECTION POLICY

Corporate Data Protection Policy

Document Control

Version	Date Approved	Page(s) Amended	Approved By
v.1		-	

Contents

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Section Three:	Data Protection Principles
Section Four:	Corporate Data Protection Framework
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Section Six:	Lifecycle of Personal Information
Section Seven:	When things go wrong
Section Eight:	Conclusion and Review

1. Introduction

- 1.1 In order to perform their role, Staff and Elected Members of Aberdeen City Council (ACC) necessarily use a vast amount of personal information about citizens, customers, staff, suppliers and other individuals.
- 1.2 The Data Protection Act 1998 (DPA 1998) is legislation which applies to all organisations and individuals in the UK who are defined as a Data Controller. A Data Controller is a body or person who determines how personal information is to be used. For the purposes of the DPA 1998, ACC is registered as a Data Controller.
- 1.3 The DPA 1998 incorporates, as Data Protection Principles, the rules of good information handling practice. In addition, the spirit of the DPA 1998 is to help to secure an individual's right to privacy. As such the DPA 1998 sets out the standards which must be applied by ACC in the handling of personal information.
- 1.4 This Corporate Data Protection Policy and the associated Data Protection procedures highlighted within it outline the manner in which ACC will meet the obligations and duties which the DPA 1998 sets out. These corporate documents will be supported with Service specific procedures where necessary.

2. Personal Information

- 2.1 Personal Information is defined as information which:
- a) relates to a living individual
- AND
- b) the individual can be identified from that information alone or in conjunction with other available information.
- 2.2 A living individual about whom personal information is held is known in the DPA 1998 as the Data Subject.
- 2.3 The terminology in the DPA 1998 for the use of Personal information by a Data Controller is that personal information is processed. The definition of processing is very wide and it is likely that all activities undertaken by ACC using personal information will be captured by it, including obtaining, recording or holding the information and carrying out any operation or set of operations on the information or data, such as organising, adapting or altering the information; retrieving, consulting or using the information; disclosing the information by transmitting, disseminating or otherwise making available, or aligning, combining, blocking, erasing or destroying the information.
- 2.4 The DPA 1998 provides for additional measures to be taken in respect of sensitive personal information, this being information relating to a Data Subjects:
- i) Race;
 - ii) Political opinions;
 - iii) Religious beliefs or other beliefs of a similar nature;
 - iv) Trade Union membership;
 - v) Physical or mental health;
 - vi) Sexual life;
 - vii) Commission or alleged commission of any offence, including any proceedings for any offence committed or alleged to have been committed by him and the disposal of such proceedings or the sentence of any court in such proceedings.

3. Data Protection Principles

- 3.1 ACC is committed to processing personal information fairly and lawfully at all times and therefore fully endorses and adheres to the eight principles of Data Protection as set out in the DPA 1998.
- 3.2 The eight Data Protection principles require that personal information is:
- i) Processed fairly and lawfully and in particular, is not processed unless certain conditions can be met.
 - ii) Obtained only for one or more specified and lawful purpose, and not further processed in any manner incompatible with that purpose or those purposes.
 - iii) Adequate, relevant and not excessive for the purpose(s) for which it is processed.
 - iv) Accurate and, where necessary, kept up-to-date.
 - v) Not kept for longer than is necessary
 - vi) Processed in accordance with the rights of data subjects, these being:
 - The right to access the data held about them;
 - The right to prevent processing likely to cause damage or distress;
 - The right to prevent processing for the purposes of direct marketing;
 - The right to object to automated decisions being taken about them;
 - The right to claim compensation for damage or distress caused by a breach of the DPA 1998;
 - The right to apply for rectification, blocking or erasure of inaccurate data.
 - vii) Protected by appropriate technical and organisational measures to prevent unauthorised or unlawful processing and to prevent accidental loss, destruction or damage.
 - viii) Not transferred to a country or territory outside of the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal information.

- 3.3 Sections 6 and 7 of this policy provide further detail, and links to applicable procedures, relating to each of these principles.

4. Corporate Data Protection Framework

- 4.1 In order to meet its obligations under the Data Protection principles, ACC have in place a clear framework of roles and responsibilities including training and support provided to all staff and Elected Members.

4.2 All Staff and Elected Members

- 4.2.1 All Staff and Elected Members will, as part of their induction to ACC, be introduced to the Data Protection principles, made aware of their responsibilities and obligations under this policy and its associated procedures and be signposted to further sources of training, guidance and support within ACC on data protection matters.
- 4.2.2 Where poor handling of personal information by any individual is identified, appropriate steps to provide training and support to address the reasons for such performance will be provided at the earliest possible opportunity.
- 4.2.3 Any deliberate and/or wilful breach of this policy may lead to disciplinary action being taken and may be reported to the Police.

4.3 Elected Members and Staff with a Job Profile identified as being one which processes Personal Information

- 4.3.1 Staff and Elected Members who, as part of their job or role, undertake the processing of personal information will be required to undertake specified Data Protection Training at the commencement of their employment / office and to undertake specified Refresher Training at appropriate intervals thereafter. This training will provide a detailed overview of Data Protection principles, policy and procedures.
- 4.3.2 All Staff and Elected Members who are responsible for managing and handling personal information have a contractual responsibility to

follow good data protection practice and to adhere to all Data Protection policies and procedures adopted by ACC. A duty to safeguard the security and confidentiality of personal information accessed by virtue of the role extends to Staff and Elected Members both throughout and following the end of their term of employment / term of office.

4.3.3 Any member of Staff or Elected Member who has a query about the handling of personal information must contact the relevant Service Information Management Liaison Officer (IMLO) in relation to that query.

4.3.4 Any query received by a member of Staff or Elected Member from a data subject with respect to the handling of their personal information must be dealt with in a prompt and courteous manner and, in particular, timeously in accordance with the timescales specified in the DPA 1998.

4.4 Information Management Liaison Officers (IMLO's)

4.4.1 Each Service within ACC will nominate at least one Information Management Liaison Officer (IMLO).

4.4.2 IMLO's are responsible for providing support to all staff within their Service with respect to any Data Protection queries and any member of Staff with a query regarding Data Protection should, in the first instance, contact their Service IMLO. Contact details for all IMLO's are accessible via the Data Protection pages on the Zone.

4.4.3 IMLO's will receive specialised training on issues of Data Protection law, its implications for ACC and ACC Data Protection policy and procedures and can obtain legal advice and assistance on request from Team 2, Commercial ^ Advice, Legal Services.

4.4.4 Regular IMLO meetings will be held at which changes in law and practice and any concerns in respect of ACC's compliance with this policy and the associated procedures will be discussed.

4.5 Data Protection Technical Officer (DPTO)

4.5.1 A DPTO will be appointed by the relevant Service to deal with matters pertinent to ICT and Data Protection. Contact details for the current DPTO will be available on the Zone.

4.6 Commercial & Advice Team – Legal Services (Team 2)

4.6.1 Solicitors and other staff employed within Team 2 of the Commercial & Advice Team of Legal Services provide detailed advice and assistance on Data Protection matters across ACC.

4.7 Head of Legal & Democratic Services

4.7.1 The Head of Legal & Democratic Services (Head of LADS) is the Nominated Representative of the Data Controller in terms of the DPA 1998. In addition the Head of LADS is nominated as the ACC Data Protection Officer.

4.7.2 The Head of LADS has overall responsibility for this Data Protection policy and the associated procedures and will review each on a regular basis to ensure any revised guidance from the Information Commissioner or changes within the law are incorporated within them.

4.8 All Heads of Service

4.8.1 Each Head of Service is ultimately responsible for the adherence of this policy and the associated procedures by their staff.

4.9 Elected Members

4.9.1 Elected Members have an ultimate governance role in overseeing the adherence of ACC to its Data Protection obligations. In practice, this role is discharged via the submission of quarterly Data Protection Monitoring reports to the appropriate Council Committee.

5. Data Protection Registration

- 5.1 ACC is registered with the ICO as a Data Controller. The current registration can be accessed on the ICO's website and provides an overview of the types of personal information processed by ACC and the purposes for which personal information is processed are detailed within the registration.
- 5.2 The registration is updated on an Annual basis and will be co-ordinated by Officers from Team 2, Commercial & Advice Team, Legal Services on behalf of the ACC Data Protection Officer who will liaise with the DPTO and Services to confirm if there has been any change in the preceding year of the categories of personal information processed or the purposes of processing,
- 5.3 Individual Elected Members have their own responsibility for registering as a Data Controller for those matters for which they process personal information which are not directly related to ACC business and which are therefore not covered by ACC's notification. Further information and advice on this requirement is available to Elected Members via Members Support in the first instance.

6. Lifecycle of Personal Information

6.1 Collecting Personal Information

- 6.1.1 ACC will only collect personal information about individuals where it is necessary to do so in order that operational / service needs can be fulfilled. Particular care will be taken to ensure that no sensitive personal information is collected unless doing so is necessary for the purposes that information is sought.
- 6.1.2 Personal Information can be collected in a variety of ways, for example, by requesting a data subject completes an application form for a service, by inviting data subjects to complete a questionnaire or by speaking to data subjects and capturing their responses. Personal information can be gathered electronically or via paper based methods.
- 6.1.3 At all times that ACC collects personal information an appropriate Privacy Notice must be used in order to:
 - advise Data Subjects what personal information is being collected;
 - advise what the personal information will be used for;
 - advise who, if anyone, the personal information will be shared with;

- advise individuals of the Officer who can be contacted with any query and how any objection to processing can be made.
- 6.1.4 A template Corporate Privacy Notice is available in the Corporate Data Protection – Collecting Personal Information procedure.
- 6.2 Using Personal Information
 - 6.2.1 Personal Information will only be used by ACC for the purposes for which it was collected unless there is a lawful reason to use it for any other purpose.
 - 6.2.2 Whilst using personal information, Staff and Elected Members must take appropriate steps to protect and safeguard the security of the information and to ensure that no person who is not authorised to access it is able to do so.
 - 6.2.3 Staff and Elected Members must only access and use personal information stored by ACC for the purposes of work carried out on behalf of ACC.
- 6.3 Storing Personal Information
 - 6.3.1 All personal information collected and stored by ACC must be stored in adherence to applicable Council procedures to ensure it is kept in a manner which safeguards the security of the information and prevents unauthorised access to it.
 - 6.3.2 Appropriate technical and organisational security measures will be implemented and regularly monitored to ensure the security of personal information stored by ACC is safeguarded.
- 6.4 Sharing Personal Information
 - 6.4.1 Personal Information held by ACC will only be shared across services or externally where it is appropriate to do so. The process for sharing of personal information is detailed in the ACC Corporate Data Protection Procedure – Sharing of Personal Information.
- 6.5 Access to Personal Information
 - 6.5.1 ACC recognises that it is a fundamental right of Data Subjects to access the personal information held about them. The procedure for handling any Subject Access Request received is detailed in the ACC Corporate Data Protection Procedure – Access to Personal Information (Subject Access).
 - 6.5.2 The ACC Corporate Data Protection Procedure – Access to Personal Information (Third Party Access) sets out those instances where ACC

will provide access to personal information to other agencies. Staff and Elected Members must be aware of these procedures and ensure access to personal information is only provided in line with these.

6.6 Disposing of Personal Information

6.6.1 All personal information will be disposed of securely and in line with applicable information retention policies. Further guidance on retention and disposal of information can be accessed in the Corporate Records Retention Policy.

7. When Things go Wrong

7.1 ACC recognises that due to human or system error, there will be occasions when the security of personal info may be breached. A robust system for the reporting, management and investigation of such breaches is in place and all Staff and Elected Members are obliged to report such matters without delay. The procedure for reporting such matters is set out in the 'ACC Corporate Data Protection Procedure – Reporting of Data Protection Incidents' document.

7.2 In addition, ACC is committed to the reporting and recording of Data Protection Near Misses. A Near Miss is defined as an unplanned occurrence which did not ultimately lead to a data protection breach occurring but had the potential to. The procedure for the reporting of near misses is also detailed in the 'ACC Corporate Data Protection Procedure – Reporting of Data Protection Incidents' document.

7.3 Regular monitoring of Data protection incidents by Team 2, Commercial & Advice Team, Legal Services will be undertaken and any trends or patterns identified will be advised to Services for appropriate system / procedure review and reported to Elected Members via quarterly Data Protection reports to the Audit, Risk & Scrutiny Committee.

7.4 ACC is committed to a culture which encourages early identification of data protection incidents and which provides appropriate training and support to individuals involved. Notwithstanding this, ACC will, where deliberate or wilful behaviour leads to a data protection incident take appropriate disciplinary action and/or report the matter to the police.

8. Review

- 8.1 The ACC Corporate Data Protection Policy and Procedures will be reviewed by Legal Services Staff on at least an annual basis or as a consequence of any change in Data Protection Law.

APPENDIX TWO - CORPORATE CREATING PERSONAL INFORMATION PROCEDURE

Corporate Data Protection Procedure – Collecting Personal Information

Document Control

Version	Date Approved	Page(s) Amended	Approved By
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Contents

Section One:	Introduction
Section Two:	Collecting Personal Information
Section Three:	Privacy Notices
Section Four:	Sources of Further Information and Assistance

2. Introduction

- 1.1 The purpose of this procedure is to set out the manner in which personal information should be collected by ACC. It is intended to be used by any ACC Staff involved in the development and operation of processes for collecting personal information.

3. Collecting Personal Information

- a. The collection of personal information must be done fairly and lawfully. A key part of fairness is ensuring that people know how their information will be used by ACC.
- b. The basic requirements to ensure that collecting personal information is fair is to make sure people know:
- **Who** is collecting the personal information
 - **Why** the personal information is being collected – or, in other words, **what** will be done with it
 - **Who**, if anyone, the personal information will be shared with.

Other requirements, which, depending on the individual circumstances, may be necessary include:

- **How** long the personal information will be kept
 - Whether providing the personal information is **voluntary** or **mandatory**
 - Any **consequences** to the individual if the personal information is not provided
 - **What** arrangements are in place to ensure the security of personal information
 - **Who** can be contacted if the individual wishes to exercise their rights or complain about the way their personal information is used
- c. Individuals have a fundamental right to know how their personal information will be used; therefore ACC must be transparent and truthful when collecting personal information about how it will be used.
- d. Where individuals have a choice whether to provide their personal information or not, this must be clear in order that a genuine opportunity is provided to refuse to do so.

4. Privacy Notices

- a. A Privacy Notice is a statement which tells data subjects who is collecting their personal information, why it is being collected and who, if anybody, it will be shared with. The purpose of a Privacy Notice is to make sure that personal information is collected fairly.
- b. A Privacy Notice should be clear and simple to understand. There is no 'one size fits all' notice which captures all of the functions undertaken by ACC and having notices aimed at the different groups of people personal information is collected from can make it easier for people to understand.
- c. When drafting a privacy notice, the opportunity should be taken to review the collection of information, for example, by asking if it is really necessary to gather the information that is being asked for.

- d. There are many ways in which a privacy notice can be displayed and the appropriate manner will depend on the nature of the information being gathered and the way in which it is collected. A Privacy Notice can be provided orally (face to face or via telephone); in writing, through signage being displayed or electronically. It is good practice to use the same mode that is used to collect the personal information to deliver the privacy notice, for example if an application form is used it is good practice to print the privacy notice on it, whereas if an internet comments form is used it is good practice to host the privacy notice online.
- e. Where personal information is collected from individuals who have specific communication needs such as children, disabled people and those for whom English is not a first language, it is a requirement that efforts to draft suitable Privacy Notices take account of those specific needs.
- f. Good practice states that Privacy Notices should be regularly reviewed in order to ensure that they are up-to-date and relevant and reflect any changes in the way in which personal information is gathered.
- g. The exact contents of a Privacy Notice will vary depending on the nature of the personal information being collected. However, as a guide, a Corporate Privacy Notice template has been developed and is shown in Appendix A.

5. Sources of Further Information and Assistance

- a. Further information about Privacy Notices is available on the Data Protection page of the Zone where a copy of the ICO Guide 'Privacy Notices: Code of Practice' is available.
- b. Assistance in respect of Privacy Notices can be requested in the first instance from the Information Management Liaison Officer (IMLO) for each Service who can request input from Legal Staff if needed.



Using your personal information

Information you supply to Aberdeen City Council (ACC) within this [*1] will/ may [*2] be used [*3].

ACC may share your information with ...and/or obtain information about you from [*4].

ACC will not disclose any information about you to any organisation or person unless it is authorised or required to do so by law.

[optional] For further information on how your information is used, how ACC maintain the security of your information, and your rights to access information ACC holds about you, please contact [*5]

[*1] Insert what media the information is collected by, e.g. in writing (form, printed adverts or online web form), posters, text messages, on websites or by email.

[*2] Delete which does not apply. In some cases the information you collect will be clearly for one defined purpose, however there may be situations where the information you collect could be used for a number of related or unrelated purposes. Where the person would not reasonably expect to you use the information for the purpose you intend you should make it clear in your notice.

[*3] Include here a short description of the purpose(s) for which you will use the information e.g. “for fraud prevention, for audit and debt collection”.

[*4] Include here who the information will be disclosed to e.g any other party/organisation. You should also advise if the information is to be used for any additional purposes e.g. to contact the person again in the future. You may have to provide the person with an opportunity to object to their information being used in a certain way.

[*5] Insert web address to Access to Information Pages, or contact name and address it’s always best to include something in the form which enables the person to obtain further information. However, there may already be a process for this on the form or website

APPENDIX THREE - CORPORATE ACCESS TO PERSONAL INFORMATION (SUBJECT ACCESS) PROCEDURE

Protection Procedure – Access to Personal Information (Subject Access)

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Section Two:	Requests for Access to Personal Information from Data Subjects - Subject Access Requests (SARs)
Section Three:	Sources of Further Information and Advice

1. Introduction

- 1.1** The purpose of this procedure is to outline the way in which requests received by Aberdeen City Council (ACC) for access to the personal information it holds should be handled.
- 1.2** The way in which requests for access to personal information are handled depends on who makes the request and care should be taken to ensure that the correct procedure is followed.
- Where a request is received from the data subject (the person about who the information relates) or from someone acting on the data subjects behalf, the request is a **Subject Access Request** (See section 2).
 - Where a request is received from a person other than the data subject or his representative or from another organisation / agency, the request should be handled as a **Third Party Request for Personal Information** (See Access to Information – Third Party Procedure).

2. Subject Access Requests (SARs)

Section 2.1: What is Subject Access?

- 2.1.1** Subject Access is a fundamental right of data subjects. In other words, all data subjects about whom ACC hold personal information, have a right to access that information. It is therefore good practice to promote rights of Subject access and to encourage and support individuals to make use of these.
- 2.1.2** A Subject Access Request (SAR) is a request by a data subject to access their personal information. A SAR should be made in writing, but can be made in any format including e-mail, letter, social media, fax, etc. A request does not need to be on any specific form or even to mention it is a SAR, only to state that access to the information is requested.
- 2.1.3** An oral request can, depending on the circumstances in which it is made, be responded to. If responding to an oral request, care must be taken as to check the identity of the requester and the information they wish to access.
- 2.1.4** ACC may receive a Freedom of Information (FOI) request from a data subject for access to their personal information. This will be passed on to the relevant service for handling as a SAR.
- 2.1.5** Before responding to a request, the requester can be asked for clarification of the information being sought if this is necessary to assist with locating it within ACC records. Such clarification must be requested promptly. The timescale for responding to the request does not commence until clarification requested is received.
- 2.1.5** A SAR gives individuals the right to access only personal information about themselves; it does not give a right of access to the personal information of other people. Any such request should be handled as a Third Party Request for Personal Information (See Section 3).

- 2.1.6** A SAR does not require to made to any specific point of contact within ACC and can be submitted to any member of staff. A SAR should be handled by the most appropriate officer within the Service to which it is directed. This may be the Case Officer, the Service Information Management Liaison Officer (IMLO) or a Service Manager. Where a SAR covers more than one Service, IMLO's from each Service involved should identify whether a single ACC response or separate Service responses will be made.

Section 2.2: Who can make a SAR?

- 2.2.1** A SAR can be made by the Data Subject or by a person acting on behalf of the Data Subject. The representative may be a solicitor or other professional, an advocate or other support person or any other person who the data subject wishes to act for them.
- 2.2.2** In cases where the SAR is made by the Data Subject, ACC requires to be satisfied of the identity of the person making the request. As such, it may be necessary to request proof of identity (e.g: driving license, passport, proof of address). ACC requires to be reasonable in accessing what proof of identity is necessary depending on the specific circumstances of the request. If the requester is generally known to the person to who the request is made it is unlikely that formal proof of identity would be required. If proof of identity is required, this must be requested promptly and the timescale for response does not commence until it is received.
- 2.2.3** In cases where the SAR is made by a person acting on behalf of the Data Subject, ACC requires to be satisfied both of the identity of the Data Subject and that the person making the request is entitled to act on behalf of the Data Subject. This could be through a signed mandate or more formal power of attorney, sight of which should be requested in order to evidence this power.

2.2.4 The personal information held by ACC about children is the child's personal information and it is the child who has a right of subject access. The law in Scotland presumes that a child aged 12 and over has capacity to make its own SAR. As such, a parent or guardian can only exercise rights of subject access to personal information about a child older than 12 with the consent of the child. For children aged under 12, a parent or guardian can exercise rights of subject access on behalf of a child.

Notwithstanding this position, a parent / guardian of a school pupil has the right to access the pupil's educational record irrespective of the age of the pupil. For more details see Section 2.5 of the ACC Corporate Data Protection Procedure - Access to Information (Third Party Procedure).

Section 2.3: Time Limits and Fees

2.3.1 A SAR must be responded to within 40 calendar days of the latest date of:

- Receipt of the request
- Receipt of the fee (if charged)
- Receipt of proof of ID (if requested)
- Receipt of any clarification requested to help locate the information.

2.3.2 There is no provision to extend this deadline and every effort must be made to meet it. ACC is in breach of its obligations under the Data Protection Act if the timescale is not met and the Data Subject can request the Information Commissioner investigate this. If there is any delay in responding to the request and this timescale cannot be met, it is good practice to advise the requester of this and to keep the requester updated of the estimated timescale for response.

2.3.3 ACC can charge a fee for handling a SAR. The maximum fee that can be charged is £10. Individual services have Service Guidance to determine whether or not a fee will be charged. Where a fee is charged this should be recorded as income to the Services General Administration budget.

2.3.4 If a fee is to be charged and is not included with the initial request, payment must be requested promptly. The 40 day timescale for responding to a SAR does not commence until the payment is received but, once the request is being processed, ACC cannot decide to charge a fee where this was not done initially merely to extend the timescale.

Section 2.4: Finding and Retrieving Information

2.4.1 There is no exemption which enables ACC to refuse to respond to a SAR due to the extent of information requested or the effort required to prepare the response. In addition, a requester cannot be asked to narrow the request to make it easier to respond to. As such, it may be that extensive efforts are required to find and retrieve the information requested.

2.4.2 Information which is archived is also captured as part of a SAR and therefore services should have in place processes to allow for archived information to be retrieved and supplied in response to a SAR.

2.4.3 Information which has been deleted is not captured by a SAR. Where electronic information has been deleted, it is not necessary to take steps to recover that information, even if this would be possible if appropriate technical knowledge and skills were applied.

2.4.4 The information requested by a SAR is the information as it exists on the date the request is received. However, routine maintenance of the data can still be done, so long as this

would have been done even if the request was not received. It is good practice to provide the most up-to-date records in response to a request. However, it is not permissible to amend data as a result of receiving the SAR if it would not otherwise been done.

2.4.5 If the information exists in an ‘unstructured filing system’, in other words information which is not in a filing system of some kind, there may be a cost exemption which applies if searching for the information would take in excess of 18 hours. This is a very narrow exemption which can rarely be used. The cost calculation must be undertaken prior to the information being searched for. Specific advice on the application of this exemption can be obtained from Legal Services (Team 2, Commercial & Advice).

Section 2.5: Third Party Information

2.5.1 The information captured by a SAR may also include personal information of others, including other customers / clients and staff members. Rights of subject access allow people to access their own information only therefore it is not necessary comply with a SAR if to do so would mean disclosing personal information about a 3rd party, except where:

- The 3rd party has consented to the disclosure; or
- It is reasonable in all the circumstances to comply with the SAR without the 3rd party's consent.

2.5.2 Decisions in respect of 3rd party information must be made on a case by case basis, with advice being sought from the IMLO / Legal Services if necessary.

2.5.3 The decision of whether or not to release will involve balancing the Data Subject's fundamental right of Subject Access with the rights of the 3rd party to confidentiality.

2.5.4 In many cases, 3rd party information can be simply redacted (removed / blanked out) from the information prior to release. Where this is possible, without affecting the substance or meaning of the information, this should be done.

2.5.5 Where redaction is not suitable, the following two step approach should be considered:

Step 1: Has the 3rd party consented to release? If the 3rd party hasn't been asked, considered if it is appropriate to do so.

Step 2: Would it be reasonable in the circumstances to release without 3rd party consent? Consider:

- Any duty of confidentiality owed to the 3rd party
- Any steps taken to try to get the 3rd party's consent
- Whether the 3rd party is capable of giving consent
- Any stated refusal of consent by the 3rd party
- How much of the information is already generally known to the requester?
- What are the circumstances relating to the individual making the request – how important is the information to them?

2.5.6 If it is decided to disclose 3rd party information without consent, a note of the decision, and the rationale for it, must be kept within the record.

Section 2.6: Exemptions

2.6.1 There are a number of exemptions from the duty to provide subject access. Where one of these exemptions applies, it is

not necessary to provide the information in response to a SAR. Specific advice on the application of any applicable exemption should be sought from the IMLO / Legal Services as needed.

2.6.2

The most common of these exemptions are:

- Confidential references given by ACC in connection with an individual's education, training or employment (Note – references received by ACC do not have a blanket exemption)
- Information which is publically available
- Information that is held for the purposes of the prevention and detection of crime; the apprehension and prosecution of offenders and the collection of tax or other duties.
- Management information that is held for the purposes of management forecasting or management planning
- Information relating to on-going negotiations with the requester
- Information held for the purposes of carrying out regulatory functions
- Legal advice provided to services by ACC Legal Services, Legal advice received by ACC and information relating to legal proceedings
- Information held for the purposes of journalism, literature and art or research, history and statistics.

Section 2.7: Special Considerations – Education and Social Work records

2.7.1 There are special considerations to be given when a SAR requests release of either Education or Social Work records.

2.7.2 These special exemptions are:

2.7.3.1 Where information in a Social Work record originates from the Scottish Children's Reporters Administration (SCRA), consent from SCRA must be received prior to that information being released.

In order to ensure that the 40 calendar day deadline for response can be achieved, consent from SCRA must be sought as soon as the need for is identified.

If no response is received, or consent is refused, the information originating from SCRA must not be released.

2.7.3.2 If it is determined that releasing personal information may cause harm to the physical or mental health of the requester or any other person (including staff members), and /or prejudice the carrying out of the Social Work Function the information can be exempted.

The professional judgement of staff should be used to determine if this exemption applied. The reasons supporting a decision to withhold the information must be recorded and kept within the relevant file.

Section 2.8: Responding to a SAR

2.8.1 In the response, the requester should be advised that:

- ACC is the Data Controller for the personal information it holds;
- Given a description of the personal information ACC holds, the reasons it is processed and whether it is shared with any other organisations or people
- Whether the personal information is subject to any automatic decision making
- Advised of the source of the personal information (where this is available).

2.8.2 The right of Subject Access is the right to access the information, not necessarily to receive a copy of it. Providing a copy is normally the easiest way of providing subject access but it can be provided in other ways if it would be a more appropriate way to do so.

2.8.3 If there are any particularly complex terms or codes within the information, an explanation of these must be provided in order that the requester is able to understand the information.

2.8.4 Consideration must be given to the most appropriate method of supplying the information to the requester. This will depend on the specific circumstances of the request but options include via secure e-mail (where the requesters e-mail address is confirmed); via Recorded Delivery post or via collection by or delivery to the requester. The method selected may depend on the sensitivity and bulk of the information to be supplied.

2.8.5 A copy of the information should be provided, not the original. If any redactions have been made a copy of the redacted response should be kept on file in order that any later queries can be addressed. The copy supplied should be clearly marked as a copy and a note of the information supplied must be kept on file.

Section 2.9:

SAR Checklist

The following 10 Step Guide can assist in ensuring that SAR are handled properly by ACC:

- STEP ONE:** Confirm it is a Subject Access Request;
- STEP TWO:** Confirm that you have enough information to be sure of the requester's identity;
- STEP THREE:** Confirm if you need more information from the requester to find what they want;
- STEP FOUR:** Confirm if you are charging a fee;
- STEP FIVE:** Confirm if you have the information that the requester wants;
- STEP SIX:** Confirm that the information has not been changed, except for routine amendments, since receiving the request;
- STEP SEVEN:** Confirm if the information contains personal information about other people and, if it does, confirm how this will be managed;
- STEP EIGHT:** Confirm if any exemptions apply which would stop the information being released;
- STEP NINE:** Confirm if any explanation is necessary for any complex terms or codes contained in the information;
- STEP TEN:** Prepare the response.

APPENDIX FOUR - CORPORATE ACCESS TO PERSONAL INFORMATION (THIRD PARTY) PROCEDURE

Protection Procedure – Access to Personal Information (Third Party Access)

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Section Three:	Sources of Further Information and Advice

1. Introduction

- 1.1** The purpose of this procedure is to outline the way in which requests from parties other than the data subject which are received by Aberdeen City Council (ACC) should be handled.
- 1.2** The way in which requests for access to personal information are handled depends on who makes the request and care should be taken to ensure that the correct procedure is followed.
- Where a request is received from the data subject (the person about who the information relates) or from someone acting on the data subjects behalf, the request is a **Subject Access Request** (See Subject Access Request procedure).
 - Where a request is received from a person other than the data subject or his representative or from another organisation / agency, the request should be handled as a **Third Party Request for Personal Information** (See Section 2).

2. Third Party Request for Access to Personal Information

Section 2.1: Introduction

2.1.1 Occasionally access to the personal information held by ACC is requested by external persons and organisations. There are a number of specific circumstances in which such requests will be agreed, namely:

- Requests from other ACC Services (See Section 3.2)
- Requests from Elected Representatives (Councillors, MSP's, MP's & MEP's) (See Section 3.3)
- Requests from Government Agencies (See Section 3.4)
- Requests from Parents (See Section 3.5)
- Requests from the Police (See Section 3.6)
- Requests from Solicitors and Courts (See Section 3.7)
- Requests from Schools (See Section 3.8)

If a request falls within one of these categories then the procedure highlighted in the relevant section below must be followed.

2.1.2 In all other circumstances, prior to agreeing any request, consideration must be giving to the knowledge of the data subject and whether the data subject has consented to the release.

2.1.2.1 If the data subject is aware of the possible transfer of personal information to a 3rd party and has consented to it, then the information can be released in response to the request. A note of the request, of the awareness and consent of the data subject, and of what information was released should be made and stored in the file.

3.1.2.2 If the data subject has not consented to the release of their personal information to a 3rd party then to do so would likely breach the

Data Protection Act 1998 and the Human Rights Act 1998. Legal Advice must be sought prior to releasing personal information in response to such a 3rd party request where consent of the data subject has not been received.

Section 2.2: Requests from other ACC Services

2.2.1 Personal information held by ACC is held for a specific purpose or purposes and, if a service wishes to access personal information held for a different purpose (eg: Social Work requesting access to information held for the purpose of processing an application for housing), the following procedure must be followed.

2.2.2 In respect of one-off requests for the sharing of specific information:

2.2.2.1 If the data subject is aware of the possible sharing of personal information with another service and has consented to it, then the information can be released in response to the request. A note of the request, of the awareness and consent of the data subject, and of what information was released should be made and stored in the file.

2.1.2.2 If the data subject has not consented to the release of their personal information to another service, then consent can be sought. If no consent is given, sharing the personal information across services would likely breach the Data Protection Act 1998 and the Human Rights Act 1998.

2.2.3 In respect of routine transfers of personal information, for example Council Tax information, data subjects must, at the point of collection, be advised, via a Privacy Notice, of all of the purposes for which the information will be used by ACC.

- 2.2.4** If a proposed routine transfer is planned after the time when the personal information was collected, the data subject should be advised of the planned new purpose and given the opportunity to object to this processing or be asked to provide consent to it being done.
- 2.2.5** Council Tax information can be used by ACC for purposes other than Council Tax processing so long as there is a legitimate reason for doing so and that use in the way proposed will not result in genuine unfairness or unwarranted detriment to the data subject.
- 2.2.6** The ACC Internal Audit function prepares an Annual Plan which details the audits to be undertaken each year. Internal Audit is a legitimate management function of ACC therefore the Internal Audit provider can, where authorised to do so, access information maintained by ACC, including personal information. However, this does not mean that Internal Audit staff can have unlimited access to all documents and files containing personal information. Data Protection requirements must be adhered to and, where relevant, the consent of the data subject to release must be sought.
- 2.2.7** From time to time personal information will require to be disclosed to ACC's insurance provider in order to process an insurance claim or defend a legal action. However, this does not mean that the Insurance Provider can have unlimited access to all documents and files containing personal information. Data Protection requirements must be adhered to and, where relevant, the consent of the data subject to release must be sought.

Section 2.3:

Requested from Elected Representatives

2.3.1

Whether or not a member of staff can disclose personal information/data to an Elected Member is dependent upon the role the Elected Member is fulfilling at a particular time. Elected Members may fill one of three roles:

- They may act as a member of Aberdeen City Council (ACC), for instance as a member of a Committee (i.e. official council work).
 - Disclosures of personal data may be made to an Elected Member, if it is necessary for him/her to carry out official duties. When disclosing personal data to an Elected Member, staff must specify the purposes for which that information may be used or disclosed.
- They may act as a representative of residents who live in their ward, for instance, in pursuing complaints (i.e. constituency work).
 - Personal data may always be disclosed at the request of or with the consent of an individual. The consent of the individual concerned is not normally required, provided that the Elected Representative represents the ward in which the data subject lives and there is a reasonable presumption that the Elected Member/ MP or MSP is acting on behalf of the individual.
 - Where sensitive personal data is to be disclosed to an Elected Representative, the Information Commissioner advises that it is prudent to obtain the written consent of the data subject.
- They may represent a political party, particularly at election time.

- Personal information will not normally be disclosed to Elected Representative for political purposes unless the data subject has given written consent to this being done.

Section 2.4: Requests from Government Agencies

2.4.1 Personal Information may be requested by Government Agencies for many purposes. ACC encourages a co-operative and responsible working relationship with Government Agencies and Regulatory Bodies. In order to achieve this ACC will normally share personal information in the interests of multi-agency working and provide specific personal information where requested, where it is lawful to do so.

2.4.2 National Fraud Initiative

The National Fraud Initiative in Scotland is a counter-fraud exercise led by Audit Scotland, assisted by the Audit Commission (its sister organisation in England). Certain categories of information are requested annually from ACC by Audit Scotland as part of the National Fraud Initiative. The information requested must be provided within the specified time-frame (in accordance with the terms of the Local Government (Scotland) Act 1973).

ACC requires to ensure that individuals are informed that their information may be disclosed for the purposes of auditing in order to identify possible fraud. Individuals should, wherever possible, be informed of this prior to the disclosure taking place. It should be noted that individuals are only required to be informed of the disclosure – not given the opportunity to consent or object to it.

2.4.2

Circumstances where Information can be disclosed to a Government Agency or Regulatory Body

2.4.2.1

It is always lawful to disclose information to any Government Agency or Regulatory Body where the individual concerned is aware that their information may be disclosed to that Government Agency or Regulatory Body and has consented to this being undertaken.

2.4.2.2

Information can be disclosed without the consent of the individual concerned where this is necessary for:-

- the prevention or detection of crime;
- the apprehension or prosecution of offenders;
- the assessment or collection of any tax or duty or of any imposition of a similar nature

Each request for disclosure under these categories must provide you with enough information to enable you to be satisfied that it is necessary to disclose the information which has been requested, e.g. that information is required for benefit fraud reasons and that ACC has up to date information held by its Revenues section which HMRC does not have access to. Furthermore, if the information is required for one of the purposes outlined above then the individual concerned will not require to be told of the disclosure. This is because the

investigation may be prejudiced if the individual found out about it.

2.4.2.3 Many Government Agencies and Regulatory Bodies have extensive Statutory Powers which enable them to obtain personal information and ACC can provide the information sought under a specific exemption in the Data Protection Act. If they are acting under such powers then this should be made clear within the request letter. If there is any doubt as to why information is sought or as to in what capacity the Agency/Body is acting then clarification should be sought.

Section 2.5: Requests from Parents

2.5.1 Parents (with parental rights and responsibilities) and guardians of children under the age of 12 can exercise the child's right of access on the child's behalf. Any such request should be processed as a SAR.

2.5.2 Once a child is over the age of 12 they are deemed to capable of making their own decisions with regards to their personal data. As such, parents generally lose the right to access the child's personal information without the consent of the child.

2.5.3 An exemption to this general principle is parents' rights of access to their child's educational record. Such requests should be handled as follows:

2.5.3.1 The Pupil's Educational Records (Scotland) Regulations 2003 ("the Regulations") set up a framework for the disclosure of a pupil's educational records to a parent. The regulations define "*educational records*" as any records of information, excluding

information contained in a Record of Needs or a Co-ordinated Support Plan, which-

- (a) are processed by or on behalf of the Education Authority;
- (b) relate to any person who is or has been a pupil at the school;
- (c) relate to the school education of that person; and
- (d) originated from or was supplied by either:
 - (i) a teacher;
 - (ii) any other employee of the Education Authority;
 - (iii) the pupil to whom the information relates; or
 - (iv) a parent of that pupil.

2.5.3.2

Essentially, the Regulations state that, upon receiving a request by a parent for disclosure of their child's educational record, the Education Authority/School must, within 15 school days either:

- make the educational record available, free of charge, for inspection by the parent; or
- provide a copy of the educational record to the parent, subject to the payment of such fee as the School/Education Authority think fit, up to a maximum of £50.00

Section 2.6:

Requests from the Police

- 2.6.1** It is always lawful to disclose information to the Police where the individual concerned is aware that their information may be disclosed to the Police and has consented to this being undertaken. Consent could be gained by, for example, signature of a form incorporating a full explanatory data protection statement.
- 2.6.2** Information can be disclosed to the Police without the consent of the individual concerned where this is required for the purposes of safeguarding national security. This section could be utilised, for example, in the event of a suspected terrorist attack.
- 2.6.3** Information can also be disclosed to the Police without the consent of the individual concerned where this is required for:-
- the prevention or detection of crime;
 - the apprehension or prosecution of offenders;
 - the assessment or collection of any tax or duty or of any imposition of a similar nature
- 2.6.4** This information can be released because there are specific exemptions with the Data Protection Act 1998 covering these situations. ACC does not have to agree to any request from the Police, and will only do so if it is satisfied that it is necessary to release the requested information to the Police.
- 2.6.5** If information is released to the police for the purposes outlined in 2.6.2 and 2.6.3 then the data subject concerned will not require to be told of the disclosure. This is because the investigation of the crime may be prejudiced if the individual found out about the investigation.

2.6.6 Information can also be disclosed to the Police without the consent of the individual concerned where this is necessary in order to protect the vital interests of any person. This means where a person is faced with a life/death situation in which the Police must intervene. In this type of situation, Staff should still ensure that the information provided on an urgent basis in such a situation is provided in accordance with paragraph 3 below.

2.6.7 Procedure for dealing with a Request from the Police

2.6.7.1 All requests must be received in writing and contain:

- Details of the purpose for which the Police require the information and a brief explanation of why they believe the information is required by them.
- a description of the information required.
- details of the Rank, Number and Name of the Police Officer requesting the information, the Police Station where that Police Officer is situated and the main office telephone number and extension number for that officer, or the Head Office address and contact details for that particular Police Authority.
- A copy of the data subject's consent, or confirmation that explicit consent from the data subject has been obtained and a note of any concerns/ wishes or restrictions of the consent where this is appropriate.

2.6.7.1 If all of the information listed is not included in the request, then the Police must be contacted and asked to provide all

of the relevant information prior to the information being disclosed.

2.6.7.2 On receipt of all of the above information the request can be fully responded to. Only copies of the information specifically requested can be disclosed. You should mark the information clearly as a “COPY” so that it is clear it’s not the original. Details of the information disclosed, the date and the method of disclosure should be noted in the relevant file. The individual who is the subject of the information does not require to be told of the disclosure.

2.6.7.3 When disclosing the information requested, it must not be faxed to a Police Force, even if they request you to. Ensure you have either sent the information via a secure email, such as gcsx, gsi or pnn etc, or have password protected it using Microsoft Office 2010.

Section 2.7:

Requests from Solicitors and Courts

2.7.1

Requests from Solicitors and Courts will broadly fall under three categories, as follows:

2.7.1.1 A Court Order requiring ACC to release Personal Information

Any court can order that ACC release personal information if that specific information is required in order to proceed with a civil or legal case.

Where such a Court Order is received it must be adhered to.

The Court Order will contain details of the specific information which is to be released and state the time limit by which the information is to be provided. The information must be supplied by the deadline specified.

Care must be taken to ensure that only the information requested is provided. In some circumstances, redaction of information other than that required may be necessary.

2.7.1.2 A request from a Solicitor acting on behalf of the Data Subject

A request made by a Solicitor representing the Data Subject should be treated as a Subject Access Request.

2.7.1.3 A request from a Solicitor acting on behalf of a 3rd Party

ACC is not obliged to disclose personal information sought by a Solicitor acting for a 3rd Party. Any such request should be considered carefully and, if release is not justified, the Solicitor should be advised it is refused. ACC can stipulate that it prefers to await the receipt of a court order requiring release.

Section 2.8: Requests from Schools (Transfer of Pupil Records)

2.8.1 Where a pupil transfers to another school, which is also an Aberdeen City Council (ACC) school then that pupil's original record should transfer automatically to the new ACC school. The original record may be transferred – a copy does not have to be retained by the sending school.

2.8.2 When dealing with a request from a new school that is within the UK, but is not an Aberdeen City Council school, a copy should be made of the pupil's entire educational record including sensitive personal data. The copy should be clearly marked as a "COPY".

Any information which could identify a third party i.e. anyone other than a teacher, an employee of the education authority, the pupil themselves or the pupil's parent (this could include, for example, mention of another pupil, another pupil's parent, or a named police officer) should be redacted or removed from the information being sent.

The copy of the record, excluding any third party information, should be sent to the new school as soon as possible and in any case within 15 school days.

The information should be sent by first class recorded post or electronically via a secure email address or password protected.

The original Record of Needs or Co-ordinated Support Plan, if there is one, should also be transferred to the new school or Education Authority. The original educational record and a copy of the Record of Needs or Co-ordinated Support Plan should remain within the school archives.

3. Sources of Further Information and Advice

The Data Protection pages on the Zone contain links to a number of ICO publications which can provide further information on Accessing Personal Information.

Advice on responding to any request for access to personal information is available in the first instance from the appropriate Service IMLO. Team 2, Commercial & Advice Team, Legal Services can provide IMLO's with specialised advice on request.

APPENDIX FIVE - CORPORATE SHARING PERSONAL INFORMATION PROCEDURE

Corporate Data Protection Procedure – Sharing Personal Information

Document Control

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Contents

Section One:	Introduction
Section Two:	Compliance with Standing Orders and Finance Regulations
Section Three:	Consultation with Other Services
Section Four:	Data Processing Agreements
Section Five:	Further information

1.0 **Introduction**

- 1.1 On occasion Aberdeen City Council (ACC) may require to pass personal data to an external agency for processing¹ on ACC's behalf. In that case this procedure must be followed.
- 1.2 Please note that if information is being routinely shared with an external agency for that agency's own use then the Corporate Data Protection Procedure entitled "Routine Data Sharing Procedure" should be adhered to.

2.0 **Compliance with Standing Orders and Financial Regulations**

- 2.1 If ACC is entering into any contract with an external agency to carry out data processing then on its behalf, as with any other contract, compliance with ACC Standing Orders and Financial Regulations is required.

3.0 **Consultation with other Services**

¹ "Processing" includes obtaining; recording or holding; disclosing by transmission, dissemination or otherwise making available; organising, adapting or altering; retrieval, consultation or use of the data; alignment, combination, blocking, erasure or destruction of the data.

- 3.1 Where personal or sensitive personal information is to be processed by an external agency, the Service must consider at the outset the following:
1. What technical measures/ safeguards should be put in place to ensure the data remains secure (e.g. compliance with BS ISO/IEC 270001 on information governance and BS779-3 on information security risk management or other equivalent; whether the system is a hosted system; if a website or webpage is to be used, whether this meets the Web Content Accessibility Guidelines and is cookie compliant and access protocols in relation to any personal information processed.
 2. When to consult with staff in ICT, HR and Legal Services to ensure that the contractual documentation contains clear expectations around the use of data during the contract and after.
 3. How the data will be transferred to the external agency, e.g requirements for it to be protected in transit whether the transfer is electronic or physical, and
 4. What additional measures, if any, are required.

4.0 Data Processing Agreements

- 4.1 If any agreement is to be entered into whereby personal or sensitive personal data is to be transferred to any external agency for processing then the Head of Legal and Democratic Services shall be informed prior to that agreement being signed by the Council.
- 4.2 A legally binding separate Data Processing Agreement shall be entered into, or a robust Data Processing section shall be included in the body of the larger contract, as appropriate.

5. Further Information

- 5.1 If you require further information or have any queries contact the Information Management Liaison Officer (IMLO) for your Service. Details of the IMLOs can be found on the Zone.

Corporate Data Protection Procedure – Reporting of Data Protection Incidents

Document Control

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Section One:	Introduction
Section Two:	Data Protection Breaches
Section Three:	Data Protection Near Misses
Section Four:	Further advice and guidance for Staff

6. Introduction

- 1.1 The purpose of this procedure is to ensure that the same approach is taken throughout Aberdeen City Council (ACC) in relation to the reporting and management of a data protection incident under the Data Protection Act 1998 (DPA). The Corporate Data Protection Policy sets out ACC's legal obligations under the DPA and the common standards all staff and Elected Members must comply with in order to comply with the eight Data Protection principles.
- 1.2 ACC takes any incident which does, or may lead to a, breach of the DPA seriously. Depending on the particular circumstances of the breach, the Corporate Policy provides that such may attract disciplinary proceedings against that member of staff.
- 1.3 There are two types of Data Protection incident which this procedure requires are reported, Data Protection breaches and Data Protection Near Misses.

2. Data Protection Breaches

2.1 What is a Breach?

2.1.1.1 The DPA requires ACC to comply with the eight data protection principles contained within the Act. A breach is a failure to comply with any of these principles. The following list, which is not exhaustive, provides examples of what is considered a breach of the Corporate Policy and Procedures which would require to be reported under this procedure:

- the unauthorised access and/ or use of personal (or sensitive personal)² information by a member of staff³ or elected Member;
- unauthorised disclosure of personal (or sensitive personal) information;
- accidental loss;
- theft of personal (or sensitive personal) information;
- failure to process personal (or sensitive personal) information appropriately in accordance with the principles;
- failure to adhere to the Corporate Policy and/ or Procedures and other relevant procedures in relation to the processing of personal (or sensitive personal) information;
- failure to destroy or retain records or personal (or sensitive personal) information appropriately in accordance with legislation or council policies/ procedure;
- human error which results in any of the above having occurred;
- using personal (or sensitive personal) information for a purpose which is incompatible with the consent obtained or legitimising condition e.g. providing social work information

² Sensitive personal information is information consisting of information as to; racial or ethnic origin of the data subject, political opinions, religious beliefs or other beliefs of a similar nature, membership of a trade union, physical or mental health or condition, sexual life, the commission or alleged commission of an offence or any proceedings for any offence committed or alleged to have been committed or the disposal of any such proceedings or the sentence of any court.

³ The term "Staff" includes full time, part time, temporary and contract employees.

to Housing, for a housing related matter where consent has not been provided and there is no requirement to share that information under any statutory power.

It should be noted that a breach of the Corporate Policy or Procedures may also be deemed a breach of the ICT Acceptable Use Policy and the ICT Good Practice Guidelines.

2.2 Notification of Breaches

- 2.2.1 All breaches must be reported to the Business Manager or Directorate Support Manager immediately, or within 2 working days of the breach being discovered. A breach must be reported immediately where the information is considered sensitive personal information and/ or the breach is likely to cause a risk to service users or others.
- 2.2.2 The Business Manager or Directorate Support Manager must notify the Director of the breach upon hearing about it, if the breach requires immediate reporting. Notification can be by telephone or by email. Thereafter, the Director (or a representative acting on their behalf in their absence) shall inform the Head of Legal and Democratic Services of the breach the same day.
- 2.2.3 Within 2 working days of the breach occurring or having been made known, the line manager must complete the Reporting Form at Appendix A and forward it to the Business Manager or Directorate Support Manager.
- 2.2.4 Upon receiving the Reporting Form, the Business Manager or Directorate Support Manager shall forward the Reporting Form to

the Director and Head of Legal and Democratic Services, who is responsible for maintaining the breach register.

2.2.5 Depending on the circumstances and nature of the breach it may be necessary to report the breach to the Information Commissioner. The Head of Legal and Democratic Service is responsible for reporting matters to the Information Commissioner.

2.2.6 The Head of Legal and Democratic Services shall report to the Corporate Management Team on a biannual basis, or with such frequency as is deemed appropriate, on any areas which require further action which arise from any breaches reported to her.

2.3 **Assessing the risks**

2.3.1 Before deciding what steps are necessary further to immediate containment, the risks associated with the breach must be fully considered. One important consideration is an assessment of the potential impact on the individual(s) and what the consequences are for that individual or any other relevant parties, including ACC.

2.3.2 In assessing the impact of a risk, the following points should be considered:

- What type of information is involved?
- How sensitive is it? Some information is sensitive because of its very personal nature.
- How was the information held, e.g. (a file, on a USB stick, in an email).
- Who had, or has had access to the information? (were they authorised to have access)?
- If information/data has been lost or stolen, is it protected? Is the information encrypted? Has a call been logged with the IT

helpdesk to report the loss or theft of any ICT resource (e.g. USB stick, laptop, RAS token, smart phone, mobile phone).

- What could the information/data tell a third party about the individual?
- How many individuals' personal data are affected by the breach?
- Who are the individuals whose data has been breached? Whether they are staff, service users, or contractors will to some extent determine the level of risk posed by the breach. Determining who the individual(s) are will inform the action to be taken to mitigate the risks.
- What harm can come to those individuals? E.g. Physical safety, distress, reputation, financial loss, other aspects of life.
- Are there wider consequences to consider? Such as loss of public confidence, press interest?
- Should the breach be reported to the Police?

2.4 Investigation and Recovery

- 2.4.1 The Business Manager or Directorate Support Manager must decide within their service who should take the lead on investigating the breach. This may involve discussion with HR, IT, Legal services, and where appropriate, the Police.
- 2.4.2 The Business Manager, the Directorate Support Manager or Investigating Officer must establish who needs to be made aware of the breach and need to establish whether there is anything that can be done to recover any losses and limit the damage the breach can cause.
- 2.4.3 Having considered the risks detailed in clause 2.3 above, the investigation needs to establish how the breach occurred, why it occurred, what steps should be put in place to prevent the breach happening again in the future.

- 2.4.4 The outcome of the investigation should be recorded in the Reporting Form. If the Reporting Form has already been submitted prior to the investigation, it should be updated.
- 2.4.5 The updated Reporting Form should be sent to the Business Manager or Directorate Support Manager within two weeks of the breach having occurred or becoming known. The Business Manager or Directorate Support Manager should, upon receipt of the updated Reporting Form, send it to the Director and Head of Legal and Democratic Services.

2.5 Informing Service Users and Others

- 2.5.1 Informing service users and others about a breach is an important element of managing breaches. Notification should have a clear purpose, whether this is to enable service users who may be affected to take the necessary steps to protect themselves or to allow the appropriate bodies to perform their functions.
- 2.5.2 The following questions may assist you in deciding whether to notify:
- Can notification help the individual/service user? Not every breach will warrant notification.
 - Will notification be detrimental to the individual/service user?
 - Are the consequences of the breach of a serious nature?
 - Consider how notification should be made, for example if you are notifying vulnerable individuals, or children.
- 2.5.3 The line manager must assess the risk and decide on the appropriate action to be taken. The proposed action should be clearly detailed in the Reporting Form.

- 2.5.4 Line managers should consider how notification should be made. This will depend on the situation. There are a number of different ways to notify those affected so consider using the most appropriate one. Always bear in mind the security of the medium which was used as well as the urgency of the situation.
- 2.5.5 Notification should at the very least include a description of how and when the breach occurred and details of the personal (or sensitive personal) information.
- 2.5.6 It may be considered appropriate to notify individuals by telephone, personal visit, or letter. Particular care should be taken when considering the most appropriate method for particular groups of individuals, for example, if you are notifying children or vulnerable adults, it may be appropriate for a representative to be present.
- 2.5.7 When notifying individuals give specific and clear advice on the steps they can take to protect themselves and also what you are willing to do to help them.
- 2.5.8 Provide a way in which they can contact you for further information or to ask you questions about what has occurred. You should also provide them with information on how they can make a formal complaint to the Council or the Information Commissioner's Office. Complaints made to the Information Commissioner's Office should be made in writing to First Contact Team, Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, SK9 5AF, or by email to casework@ico.gsi.gov.uk

3. Data Protection Near Misses

3.1 What is a Near Miss?

- 3.1.1 A Near Miss is defined as an unplanned occurrence which did not ultimately lead to a data protection breach taking place but had the potential to. Such an occurrence may be the near sending of an e-

mail or letter to the wrong recipient or the near loss or inappropriate sharing of personal information.

- 3.1.2 The importance of recording and reporting near misses is to assist with the identification of any inherent system or process weaknesses which could, unless addressed, lead to a Data Protection breach occurring.

3.2 Notification of Near Misses

- 3.2.1 An identified near miss should be reported to the Business Manager or Directorate Support Manager within 5 working days of it occurring by completing the Near Miss Reporting Form.
- 3.2.2 Upon receiving the Reporting Form, the Business Manager or Directorate Support Manager shall forward the Reporting Form to Team 2 in Commercial & Advice, Legal Services who are responsible for maintaining a register of near misses.
- 3.2.3 Any trends or patterns in reported near misses will be identified by the Commercial & Advice Team or Business Manager and any system or process weaknesses which are addresses will be highlighted to the appropriate officer.

4. Advice and Guidance for Staff

- 4.1 For further Data Protection advice or guidance staff should contact the Information Management Liaison Officer for the service, details of which can be found on the Zone.

Equality and Human Right Impact Assessment: The Form



EHRIA

There are separate guidance notes to accompany this form – “Equality and Human Rights Impact Assessment – the Guide.” Please use these guidance notes as you complete this form.

Throughout the form, **the word “proposal” refers to policy, strategy, plan, procedure, report or business case.** This then, embraces a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Please also refer to the “Completion Terminology” at the end of the form.

1:Equality and Human Rights Impact Assessment- Essential Information	
Name of Proposal: Corporate Data Protection Policy & Procedures	Date of Assessment: 19th August 2015
Service: Legal & Democratic Services	Directorate: Corporate Governance
Committee Name or delegated power reference (Where appropriate): Finance, Policy & Resources Committee	Date of Committee (Where appropriate): 15th September 2015
Who does this proposal affect? Please Tick ▼	Employees ☒ Job Applicants ☒ Service Users ☒ Members of the Public ☒

	Other (List below)	
2: Equality and Human Rights Impact Assessment- Pre-screening		
Is an impact assessment required?	Yes ☒	No ☐
If No, what is the evidence to support this decision? (Once this section is completed, please complete section 8 of the form).		

3: Equality and Human Rights Impact Assessment	
a- What are the aims and intended effects of this proposal?	That Aberdeen City Council has suitable procedures in place to ensure that the obligations placed on the Council as a Controller of personal data by the Data Protection Act are met.
b- What equality data is available in relation to this proposal? (Please see guidance notes)	The personal data held by Aberdeen City Council relates to many individuals, including employees, service users and suppliers. Individual services hold equality data as appropriate to the use of it. There is no specific data relevant to the overarching policy and procedures the Council has in place.
c- List the outcomes from any consultation that relate to	None.

equalities and/or human rights issues e.g. with employees, service users, Unions or members of the public that has taken place in relation to the proposal.	
d- Financial Assessment If applicable, state any relevant cost implications or savings expected from the proposal.	Costs (£) Implementation cost £ 0 Projected Savings £ 0
e- How does this proposal contribute to the public sector equality duty: to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good	

relations?	
By ensuring that the Council has suitable policy and procedures in place to provide the overarching framework in which personal data will be managed, the public sector equality duty is met.	
f- How does this proposal link to the Council's Equality Outcomes?	

4: Equality Impact Assessment - Test					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a ' <i>Genuine Determining Reason</i> '* exists *(see completion terminology)	
Age (People of all ages)		X			
Disability (Mental, Physical, Sensory and Carers of Disabled people)		X			
Gender Reassignment		X			
Marital Status (Marriage and Civil Partnerships)		X			
Pregnancy and Maternity		X			

Equality Impact Assessment Test:					
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?					
Protected Characteristic:	Neutral Impact: Please ✓	Positive Impact: Please ✓	Negative Impact: Please ✓	Evidence of impact and if applicable, justification where a 'Genuine Determining Reason'* exists *(see completion terminology)	
Race (All Racial Groups including Gypsy/Travellers)		X			
Religion or Belief or Non-belief		X			
Sex (Women and men)		X			
Sexual Orientation (Heterosexual, Lesbian, Gay And Bisexual)		X			
Other (e.g: Poverty)		X			

5: Human Rights Impact Assessment Test	
Does this proposal have the potential to impact on an individual's Human Rights? Evidence of impact and , if applicable, justification where the impact is proportionate	
Article 2 of protocol 1: Right to education	☐ Yes ☐ No ☒ Evidence:
Article 3: Right not to be subjected to torture, inhumane or degrading treatment or punishment	☐ Yes ☐ No ☒ Evidence:

Article 6: Right to a fair and public hearing	☐ Yes ☒ No Evidence:
Article 8: Right to respect for private and family life, home and correspondence	☐ Yes ☒ No Evidence:
Article 10: Freedom of expression	☐ Yes ☒ No Evidence:
Article 14: Right not to be subject to discrimination	☐ Yes ☒ No Evidence:

Other article not listed above, please state:	Yes ☐ No ☒ Evidence:
6: Assessment Rating:	
Please rate the overall equality and human right assessment (Please see Completion terminology)	☐ Red ☐ Red Amber ☐ Amber ☒ Green
Reason for that rating:	By adopting the Data Protection policy and procedures outlined in the report, the Council will ensure it has a compliant framework in which to handle personal information.

7: Action Planning				
As a result of performing this assessment, what actions are proposed to remove or reduce any risks of adverse outcomes identified on employees, service users or other people who share characteristics protected by <i>The Equality Act 2010</i> ?				
Identified Risk and to whom:	Recommended Actions:	Responsible Lead:	Completion Date:	Review Date:
8: Sign off				
Completed by (Names and Services) :	Fiona Smith, Governance Support Officer, Legal & Democratic Services			
Signed off by (Head of Service) :	Fraser Bell, Head of Legal & Democratic Services.			

Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal document and/or committee report to:

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

Telephone 01224 523039 Email sandrab@aberdeencity.gov.uk

9: Completion Terminology:

Assessment Pre-screening Rating:	This section will highlight where there is the obvious potential for a negative impact and subsequent risk of negative media coverage and reputational damage to the Council. Therefore, a full impact assessment is required, for example around sensitive issues such as marching, Gypsy/ Traveller issues, change to social care provision. It should also be completed to evidence why a full impact assessment was not required, example, there is no potential negative impact on people.

Assessment Rating:	After completing this document, rate the overall assessment as follows: Red: As a result of performing this assessment, it is evident that we will discriminate (direct, indirect, unintentional or otherwise) against one or more of the nine groups of people who share <i>Protected Characteristics</i>. It is essential that the use of the proposal be suspended until further work or assessment is performed and the discrimination is removed. Red Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists to one or more of the nine groups of people who share <i>Protected Characteristics</i>. However, a genuine determining reason may exist that could legitimise or justify the use of this proposal and further professional advice should be taken. Amber: As a result of performing this assessment, it is evident that a risk of negative impact exists and this risk may be removed or reduced by implementing the actions detailed within the <i>Action Planning</i> section of this document. Green: As a result of performing this proposal does not appear to have any adverse impacts on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.
Equality Data:	Equality data is internal or external information that may indicate how the proposal being analysed can affect different groups of people who share the nine <i>Protected Characteristics</i> – referred to hereafter as ‘<i>Equality Groups</i>’. Examples of <i>Equality Data</i> include: (this list is not definitive) 1: Application success rates by <i>Equality Groups</i> 2: Complaints by <i>Equality Groups</i> 3: Service usage and withdrawal of services by <i>Equality Groups</i>

	4: Grievances or decisions upheld and dismissed by <i>Equality Groups</i>
Genuine Determining Reason	Certain discrimination may be capable of being justified on the grounds that: (i) <i>A genuine determining reason exists</i> (ii) <i>The action is proportionate to the legitimate aims of the organisation</i> Where this is identified, it is recommended that professional and legal advice is sought prior to completing an Equality Impact Assessment.
Human Rights	The rights set out in the European Convention on Human Rights, as incorporated into the UK Law by the Human Rights Act 1998.
Legal Status:	This document is designed to assist us in “<i>Identifying and eliminating unlawful Discrimination, Harassment and Victimisation</i>” as required by <i>The Equality Act Public Sector Duty 2011</i>. An Equality Impact Assessment is not, in itself, legally binding and should not be used as a substitute for legal or other professional advice.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	15 th September 2015
LEAD OFFICER	Chief Executive
TITLE OF REPORT	City Centre Masterplan – Delivery Team
REPORT NUMBER	OCE/15/032
CHECKLIST COMPLETED	Yes/No

1. PURPOSE OF REPORT

At its meeting of 24th June 2015 the Council agreed that the Chief Executive would report to Council at its meeting on 19th August 2015 on the establishment of an in-house officer team to facilitate the implementation of the City Centre Masterplan Delivery Plan. The Council was informed at its meeting on 19th August 2015 that the report would be submitted to the Finance, Policy and Resources Committee meeting on 15th September 2015. This report fulfils that remit.

2. RECOMMENDATIONS

That the Council resolves to:

- i. note the arrangements as outlined in the report;
- ii. approve the establishment of a City Centre Director post on Chief Official terms and conditions;
- iii. approve the establishment of a City Centre Programme Manager post which may be on Chief Official terms and conditions dependant on the outcome of a review of the job profile for the post;
- iv. approve the establishment of a Communication and Engagement Officer post on Single Status terms and conditions;
- v. approve the creation of an elected member Appointment Panel (3+3+1+1+1) for the post of City Centre Director which will have authority to approve the job profile and assessed salary for that post;
- vi. set aside standing order 47(2) to allow the appointment of the City Centre Programme Manager to be undertaken by a panel of officers, including the Chief Executive, in lieu of an Appointment Panel in the event that the post is established as a Chief Official; and

- vii. note that under the Scheme of Delegation the Chief Executive will agree all matters relating to the recruitment process for both the City Centre Programme Manager and Communication and Engagement Officer including role profile, person specification and salary, in conjunction with the Head of Human Resources and Customer Service and will provide a progress update to the Finance, Policy and Resources Committee at its meeting on 3rd December 2015.

3. FINANCIAL IMPLICATIONS

An assessment of the appropriate salary levels for these posts will be made based on the final job profiles as agreed by the Appointments Panel or by the Chief Executive in conjunction with the Head of Human Resources and Customer Service.

It is however anticipated that the salary of the City Centre Director shall not exceed that of existing Director posts - £112,035 a year. Similarly it is anticipated that the salary for the post of City Centre Programme Manager will not exceed £63,297 a year and the salary for the post of Communication and Engagement Officer is anticipated not to exceed £51,352 a year.

On the basis that post-holders would be in place from the beginning of January 2016, salary costs for the financial year 2015/2016, inclusive of employers' on-costs would not exceed £73,510. These costs, plus those incurred in the recruitment and selection process for the City Centre Director post (c. £40,000) can be met from within existing budgets within Corporate Governance, mainly due to anticipated underspends within 2015/2016.

Full year salary costs, at current rates and inclusive of on-costs will not exceed £294,100 and provision for this will be referred to the budget process for 2016/2017.

In addition to salary costs, funding will be required from financial year 2016/2017 to allow the City Centre Director to source external expertise where required for the delivery of the Masterplan. Provision for such costs will be referred to the budget process for 2016/2017.

4. OTHER IMPLICATIONS

As the Council was informed at its meeting on 24th June 2015, the City Centre Masterplan and Delivery Programme sets out a long-term vision for the development of Aberdeen's city centre which will be delivered over a number of years. The Council also noted that the City Centre Masterplan will inform all relevant policies, strategies and plans either for which the Council has a statutory responsibility or which the Council itself agrees and implements.

Given the strategic importance of the City Centre Masterplan, the timescale over which it will be delivered and the need for its ambition to be recognised and shared by all relevant stakeholders and partners it is felt to be crucial to its successful delivery that a small team of senior officers focussed solely on the City Centre Masterplan should be added to the Council's structure.

It is of course recognised that the Council agreed its current organisational structure as recently as its meeting on 14th May 2014, but in light of the scale and the importance of the City Centre Masterplan agreed by the Council just over a year later on 24th June 2015 it is felt that an additional team of officers will allow existing relevant colleagues to continue to focus on the day to day business of the Council.

5. BACKGROUND/MAIN ISSUES

At its meeting on 24th June 2015 the Council had before it the City Centre Masterplan and Delivery Programme completed on behalf of the City Council by BDP and their consortium of multi-disciplinary consultants.

The Council also had before it a report by the Chief Executive in relation to the Masterplan (OCE/15/021) which included the recommendation agreed by the Council that the Chief Executive would report to Council at its meeting on 19th August 2015 on the establishment of an in-house officer team to facilitate the implementation of the Masterplan Delivery Plan.

The report noted that the implementation of the Masterplan and its Delivery Programme will require leadership and ownership within the Council and it is considered that the most appropriate way of achieving this is through a small team of officers led by a City Centre Director reporting to the Chief Executive.

Working closely with other members of the Council's Extended Corporate Management Team, it is envisaged that the City Centre Director would draw, as and when required, on a range of in-house skills and functions and co-ordinate their deployment in driving the delivery of the Masterplan.

Such functions would include for example planning and development control, roads and transportation, finance, legal, property and economic development. In addition, it is likely that on occasion project specific external expertise will require to be sourced and a proposed budget to allow this will be brought forward through the 2016/2017 budget process.

Notwithstanding the scale of the City Centre Masterplan and Delivery Programme, the intention is to minimise the size of the additional

staffing resource established to co-ordinate and drive its delivery. As such, only two further posts are proposed for the team to support the work of the City Centre Director.

A City Centre Programme Manager post would be established to oversee the workstreams necessary to deliver the projects envisaged in the intervention areas detailed in the Masterplan. The Programme Manager would also be responsible for ensuring that reports relating to projects or programmes of activity contained within the City Centre Masterplan are brought to the appropriate Committee timeously for decision.

The report on the City Centre Masterplan and Delivery Programme agreed by the Council at its meeting on 24th June 2015 and the report on the City Centre Masterplan Reference Group agreed by the Council at its meeting on 19th August 2015 (OCE/15/031) make clear the importance of strong, proactive and ongoing communication and engagement with partners, stakeholders, communities and individuals in order to cultivate and develop a shared sense of ownership for its ambition for the City. Given this, it is recommended that a dedicated Communication and Engagement Officer post should be added to the team.

The Council is asked to approve the establishment of the three posts detailed above; officers would then work up the detailed job profiles for each of the posts and take forward all necessary consultation and business case development.

It is envisaged that recruitment and selection for the post of City Centre Director would be overseen by an elected member Appointment Panel.

In order to ensure that momentum is kept up on the City Centre Masterplan it is envisaged that post holders will be in place as early as possible in January 2016. On the basis that while the post of City Centre Programme Manager may be established as a Chief Official it will not be a Head of Service level post, it is recommended that the requirement for an elected member Appointment Panel is set aside in relation to this post.

In liaison with the Head of HR and Customer Service, the Chief Executive will agree all matters relating to the recruitment process for both the City Centre Programme Manager and Communication and Engagement Officer including role profile, person specification and salary.

6. IMPACT

As noted in the Chief Executive's report to Council at its meeting on 24th June 2015, adopting the City Centre Masterplan and Delivery Programme will have a direct positive impact on the Council's delivery

of the *Aberdeen – The Smarter City* policy statement and the City's Single Outcome Agreement.

In addition the regeneration of the city centre is a key priority of the Strategic Infrastructure Plan and is a central plank of the City Region Deal bid to the UK and Scottish Governments.

7. MANAGEMENT OF RISK

The risks inherent in not addressing the regeneration of the city centre are set out in the Strategic Infrastructure Plan. Each individual project or activity proposed for the Council to undertake in relation to the City Centre Masterplan and Delivery Programme will be subject to risk assessment.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	15 September 2015
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Exemption from the Council's Standing Orders relating to Contracts and Procurement for the purchase and installation of early learning and childcare furniture for new nurseries
REPORT NUMBER	ECS/15/045
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to make Members of this Committee aware of a request, under Standing Order 1 (6)(b), for an exemption from the Council's Standing Orders relating to Contracts and Procurement in relation to the contract for purchasing and installation Early Learning and Childcare furniture for the additional nurseries opening between August 2015 and February 2016. The exemption request was approved on 31 July 2015.

The report fulfils the Standing Order 1(6)(b) requirement that "Any contract made on behalf of the Council under this paragraph shall be reported to the appropriate Committee of the Council by the Commissioning Officer as soon as practicable."

2. RECOMMENDATION(S)

It is recommended that the Committee note the contents of this report and the reasons behind requesting the exemption from the relevant standing orders.

3. FINANCIAL IMPLICATIONS

There are no financial implications as a result of this exemption. The contract to supply the nursery equipment relates to five separate orders of £25,000, a total of £125,000. This will be funded from the capital funding allocated to the council to fund the increase in early learning and childcare entitlement.

4. OTHER IMPLICATIONS

Standing Orders Exemption was granted by the Chief Executive, Head of Finance, Head of Legal and Democratic Services and Head of Procurement. This exemption approved the request to purchase the room design service, the purchase and the installation of furniture and equipment for five new nursery classes to allow us to fit out the nurseries when each element of the capital works programme is completed.

5. BACKGROUND/MAIN ISSUES

- 5.1 Aberdeen City Council currently provides 3119 early learning and childcare places in local authority nurseries and secures an additional 1236 places from voluntary and private partner providers. As a result of the growing number of under fives in the city we are required to increase the number of places to allow us to meet every child's statutory entitlement to 600 hours of early learning and childcare.
- 5.2 The Early Learning and Childcare Team has secured additional capital funding to expand local authority nurseries and to secure additional places from partner provider nurseries. The programme of capital works will be completed over the next six months to allow us to extend five local authority nurseries.
- 5.3 The capital works have been completed ahead of schedule for three nurseries and this enabled us to provide 60 additional places for the start of the school term. Two nurseries will be completed during the autumn term.
- 5.4 The Commissioning Officers considered a range of suppliers who would be able to deliver the required furniture by the start of term. They considered the service offered by the supplier, the quality of the equipment, guarantee offered and delivery timescales. Only one supplier, Community Playthings, was able to provide the standard and range of equipment we required and would be able to deliver it within a two weeks to allow us to meet the 17 August deadline.
- 5.5 Community Playthings furniture is durable, long lasting and safe for young children. The furniture is made of natural wooden materials which are shown to have a calming influence on children and helps to create a positive learning environment for our early learners.
- 5.6 In addition to supplying the equipment and furniture, Community Playthings design the layout of the playrooms, deliver and provide an installation service. This avoids the additional time and expense of employing tradesmen to install the equipment. Finally this company provides a ten year guarantee. Therefore overall the costs are considered to be good value.

6. IMPACT

- 6.1 The exemption approval has allowed us to respond to the increase in demand for early learning and childcare place in our local authority nurseries and to open and equip the new nurseries for the start of the academic session 15/16. This ensures that an increasing number of families are able to secure their statutory entitlement to the 600 hours of early learning and childcare.

It has also ensured that the council is able to fulfil its statutory duties

Equalities and Human Rights Impact Assessment:

The proposal will benefit children and their families. The proposal will not impact on equalities and human rights.

7. MANAGEMENT OF RISK

- 7.1 The Standing Orders Exemption request noted Legal advice as follows:

‘The aggregate expenditure for the furniture is estimated to be £125,000 this is below the OJEU threshold and therefore does not result in the Council potentially being in breach of their procurement obligations under the Public Contracts (Scotland) Regulations 2012.

It also appears that given the timescales involved there are no other suppliers capable of providing the required items while it would have been preferable for the Service to have suitably procured this in advance if this matter is not foreseeable the procurement risk would be nil otherwise there would still exist a potential procurement risk although this would be low.’

8. BACKGROUND PAPERS

Children and Young People’s (Scotland) Act 2014

9. REPORT AUTHOR DETAILS

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