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To: Councillor Lumsden, Convener; Councillor Graham, Vice Convener; and Councillors Allard, Cameron, Councillor Donnelly, the Depute Provost, Jackie Dunbar, Flynn, Houghton, John, Laing, Macdonald, Catriona MacKenzie, Nicoll, Reynolds, Sellar, Townson and Yuill.

Town House,
ABERDEEN 23 November 2017

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 **FRIDAY, 1 DECEMBER 2017 at 1.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

DETERMINATION OF URGENT BUSINESS

1.1 Determination of Urgent Business

DETERMINATION OF EXEMPT BUSINESS

2.1 Members are Requested to Determine that any Exempt Business be Considered with the Press and Public Excluded

DECLARATIONS OF INTEREST

3.1 Members are Requested to Intimate Any Declarations of Interest (Pages 7 - 8)

REQUESTS FOR DEPUTATION

- 4.1 There are No Requests for Deputation at this Time

MINUTES OF PREVIOUS MEETINGS

- 5.1 Minute of Previous Meeting of 20 September 2017 (Pages 9 - 34)

COMMITTEE BUSINESS STATEMENT, MOTIONS LIST AND TRACKER

- 6.1 Committee Business Statement (Pages 35 - 46)

- 6.2 Motions List (Pages 47 - 50)

- 6.3 Committee Tracker (Pages 51 - 66)

NOTICES OF MOTION

There were no Notices of Motion submitted when the agenda was issued.

REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES

There are no reports under this heading.

FINANCE, PERFORMANCE, RISK AND SERVICE WIDE ISSUES

- 7.1 Gordon Highlander Museum - Financial Assistance - In Response to Motion by Councillor Cooke - CG/17/131 (Pages 67 - 72)

- 7.2 Corporate Governance Financial Performance - Quarter 2, 2017/18 - CG/17/133 (Pages 73 - 80)

- 7.3 Treasury Management Policy and Strategy - Mid-Year Review - CG/17/127 (Pages 81 - 84)

- 7.4 Council Financial Performance - Quarter 2, 2017/18 - CG/17/130 (Pages 85 - 132)

- 7.5 Credit Rating Annual Review - CG/17/132 (Pages 133 - 148)

- 7.6 Barclay Review of Non-Domestic Rates - CHI/17/269 (Pages 149 - 164)

- 7.7 National and Local Business Rates Relief Schemes - CG/17/125 (Pages 165 - 170)

GENERAL BUSINESS

- 8.1 Delays in Capital Programmes of Works Attributed to the Contractor - In Response to Motion by Councillor Jennifer Stewart - CHI/16/326 (Pages 171 - 176)
- 8.2 Twining & International Partnerships - CHI/17/263 (Pages 177 - 184)
- 8.3 City Events 2018 - 2019 - CHI/17/266 (Pages 185 - 200)
- 8.4 FCHJU Fuel Cell Bus Commercialisation Project - CHI/17/260 (Pages 201 - 206)
- 8.5 Protective Monitoring - CG/17/121 (Pages 207 - 256)
- 8.6 Enforcement of the Private Rented Housing Sector - CHI/17/236 (Pages 257 - 266)
- 8.7 Alternative Options for Storage of Belongings - CHI/17/133 (Pages 267 - 276)
- 8.8 Towards a Fairer Aberdeen That Prospers For All 2017-20 - "Food and Fun" - CHI/17/132 (Pages 277 - 292)
- 8.9 Towards a Fairer Aberdeen That Prospers For All 2017-20 - Governance and Performance - CHI/17/286 (Pages 293 - 304)
- 8.10 Projects, Partnerships and Funding Update - CHI/17/259 (Pages 305 - 322)
- 8.11 Commercial Waste Containers Revised Policy - CHI/17/265 (Pages 323 - 328)
- 8.12 Participation in Gigabit Voucher Scheme - CG/17/145 (Pages 329 - 332)
- 8.13 Year of Young People Cultural Award Programme - ECS/17/071 (Pages 333 - 338)
- 8.14 Disposal of Former Victoria Road School - CHI/17/226 (Pages 339 - 344)

Please note that there is an exempt appendix associated with this report at the Exempt/ Confidential section of this agenda

EXEMPT / CONFIDENTIAL BUSINESS

- 9.1 Disposal of Former Victoria Road School - CHI/17/226 - Exempt Appendix
(Pages 345 - 346)
- 9.2 Cost of Proposed Pupil Transport to Lochside Academy - CHI/17/070
(Pages 347 - 356)
- 9.3 Review of Sports Organisations - ECS/17/067 (Pages 357 - 422)
- 9.4 Occupational Health Contract - CG/17/147 (Pages 423 - 428)
- 9.5 Procurement of Debt Collection Sheriff Officer Services - CG/17/123
(Pages 429 - 432)
- 9.6 Procurement of Payment Processing Services - CG/17/124 (Pages 433 - 436)
- 9.7 Procurement of Cash in Transit Services - CG/17/128 (Pages 437 - 442)
- 9.8 Connectivity Upgrade - CG/17/148 (Pages 443 - 448)
- 9.9 Arm's Length External Organisations - Review of Repair and Maintenance Compliance in Leased Properties - CHI/17/267 (Pages 449 - 458)
- 9.10 Proposed Sale of Property Site - 17 Pitmedden Road Industrial Estate, Dyce, Aberdeen - CHI/17/276 (Pages 459 - 466)
- 9.11 Cults Business Park, Proposed Extension of Ground Lease - CHI/17/273
(Pages 467 - 472)
- 9.12 Refurbishment Works - Minto Drive, Altens Industrial Estate, Aberdeen - CHI/17/275 (Pages 473 - 482)
- 9.13 Aberdeen Art Gallery Redevelopment Progress (to follow)

EHRIA's related to reports on this agenda can be viewed at
[Equality and Human Rights Impact Assessments](#)

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Agenda Item 3.1

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether reports for meetings raise any issue of declaration of interest. Your declaration of interest must be made under the standing item on the agenda, however if you do identify the need for a declaration of interest only when a particular matter is being discussed then you must declare the interest as soon as you realise it is necessary. The following wording may be helpful for you in making your declaration.

I declare an interest in item (x) for the following reasons

For example, I know the applicant / I am a member of the Board of X / I am employed by...
and I will therefore withdraw from the meeting room during any discussion and voting on that item.

OR

I have considered whether I require to declare an interest in item (x) for the following reasons however, having applied the objective test, I consider that my interest is so remote / insignificant that it does not require me to remove myself from consideration of the item.

OR

I declare an interest in item (x) for the following reasons however I consider that a specific exclusion applies as my interest is as a member of xxxx, which is

- (a) a devolved public body as defined in Schedule 3 to the Act;
- (b) a public body established by enactment or in pursuance of statutory powers or by the authority of statute or a statutory scheme;
- (c) a body with whom there is in force an agreement which has been made in pursuance of Section 19 of the Enterprise and New Towns (Scotland) Act 1990 by Scottish Enterprise or Highlands and Islands Enterprise for the discharge by that body of any of the functions of Scottish Enterprise or, as the case may be, Highlands and Islands Enterprise; or
- (d) a body being a company:-
 - i. established wholly or mainly for the purpose of providing services to the Councillor's local authority; and
 - ii. which has entered into a contractual arrangement with that local authority for the supply of goods and/or services to that local authority.

OR

I declare an interest in item (x) for the following reasons.....and although the body is covered by a specific exclusion, the matter before the Committee is one that is quasi-judicial / regulatory in nature where the body I am a member of:

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval
- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority.... and I will therefore withdraw from the meeting room during any discussion and voting on that item.

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FINANCE, POLICY AND RESOURCES COMMITTEE

ABERDEEN, 20 September 2017. Minute of Meeting of the FINANCE, POLICY AND RESOURCES COMMITTEE. Present:- Councillor Lumsden, Convener; Councillor Graham, Vice-Convener; and Councillors Allard, Cameron, Councillor Donnelly, the Depute Provost, Jackie Dunbar, Flynn, Grant, Greig (as substitute for Councillor Yuill), Houghton, Hutchison (as substitute for Councillor Flynn from articles 37 to 39), Macdonald, Catriona MacKenzie, Nicoll, Reynolds, Sellar, Townson and Wheeler.

The agenda and reports associated with this minute can be found at:-

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=146&MIId=5875&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 retrospectively altered.

DETERMINATION OF URGENT BUSINESS

1. The Convener had determined that the following item of business be considered as a matter of urgency in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973:-

- Item 10.14 – Disposal of Nelson Street Pavilion and Playing Fields.

The Committee resolved:-
to concur with the Convener.

DETERMINATION OF EXEMPT BUSINESS

2. The Convener proposed that the Committee consider items 10.2 (Management of Gaps in the Public Transport Network – Exempt Appendix), 10.3 (School and Social Work Transport Framework Agreement Extension – Exempt Appendix 1), 10.4 (Condition and Suitability 3 Year programme – Exempt Appendices), 10.5 (Proposed Purchase – Ground at Wellington Road – Exempt Appendix), 10.6 (Development of Service Level Agreements (Equalities)), 10.7 (Request for Approval of Expenditure for Wines, Beers and Spirits Tender – Beach Ballroom), 10.8 (Elections Services Tender), 10.9 (Hillhead of Pitfodells – Proposed Sale of Farm House – Redevelopment of Derelict Farm Building), 10.10 (Lands of Skene, Surplus Houses), 10.11 (Jessiefield Farm), 10.12 (Request for Rates Relief (Hardship)), 10.13 (Aberdeen exhibition and Conference centre – Financial Update and Anaerobic Digestion Gas to Grid Plant Construction Contractor Procurement), 10.14 (Disposal of Nelson Street Pavilion and Playing Fields), 10.15 (Mitigation of Risks for New Domestic Gas Servicing and maintenance Contract), 10.16 (Pinewood Hazledene Sales Update) and 10.17 (Hydrogen and Electro Mobility in European Regions) with the press and public excluded.

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The Committee resolved:-

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from item 10.2 of the agenda (article 30 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 30 (paragraphs 8 and 10), articles 31, 32, 35 and 36 (paragraph 8), article 33 (paragraphs 6, 9 and 12), article 34 (paragraph 10), article 37 (paragraphs 6, 8, 9 and 10), articles 38, 39, 42, 43 and 44 (paragraphs 6 and 9), articles 40 and 45 (paragraph 6) and article 41 (paragraphs 6, 9 and 10).

DECLARATIONS OF INTEREST

3. Members were requested to intimate any declarations of interest in respect of the items on today's agenda, thereafter, the following declarations of interest were intimated:-

- (1) Councillor Grant declared an interest in item 9.8 (Wallace Tower, Tillydrone Road) by virtue of his position as Chairman of Tillydrone Community Development Trust, he considered that the nature of his interest required him to leave the meeting and he took no part in the Committee's deliberations thereon; and
- (2) Councillor Jackie Dunbar declared an interest in item 9.11 (Middlefield/Northfield Place-Making (2nd Report)) by virtue of her being a resident of Middlefield living very near to the proposed paths, she considered that the nature of her interest did not require her to leave the meeting.

REQUESTS FOR DEPUTATION

4. The Committee were advised that two requests for deputation had been received from Steve Keenon and Aqeel Ajazi (The Alhikmah Foundation SCIO) relating to item 10.14 (Disposal of Nelson Street Pavilion and Playing Fields), article 42 of this minute refers, the latter of which failed to comply with the requirement to submit the request to the Clerk at least two full working days before the meeting (Standing Order 13.1 relates).

The Committee resolved:-

in terms of Standing Order 13.5.6, to reject both requests for deputation on the basis that they were not competent as they fall into the category of deputations which related to matters that had alternative procedures for representation.

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MINUTE OF PREVIOUS MEETING OF 29 JUNE 2017

5. The Committee had before it the minute of its previous meeting of 29 June 2017, for approval.

The Committee resolved:-

to approve the minute as a correct record.

COMMITTEE BUSINESS STATEMENT

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

The Committee resolved:-

- (i) to remove item 1 (Suzunoya Project), item 8 (Wallace Tower, Tillydrone), item 10 (Art Gallery Redevelopment Fundraising), item 15 (Purchase of Ground at Wellington Road), item 16 (Economic Policy Panel), item 21 (Tall Ships Race), item 22 (Middlefield/Northfield – Travel Routes), item 26 (Development of service Level Agreements (Equalities)), item 28 (Bus Service Options), item 29 (Aberdeen City – Residential Nursing Home Provision) and item 32 (Nelson Street Pavilion);
- (ii) in relation to item 4 (Report on Lease Issues with ALEO's – His Majesty's Theatre Roof Repair), to retain this on the statement until such time a report is submitted to the Committee for consideration;
- (iii) to transfer item 12 (Review of Bookings and Lettings Procedures in Schools and Learning Centres) and item 31 (Joint Venture Proposal with Hunchbuzz) to the Strategic Transformation Committee Business Statement;
- (iv) to transfer item 17 (Union Terrace Gardens) to the Council Business Statement; and
- (v) in relation to item 31 (Joint Venture Proposal with Hunchbuzz), to agree that officers organise a presentation/workshop for all members of the Council.

MOTIONS LIST

7. The Committee had before it the Motions List prepared by the Head of Legal and Democratic Services.

The Committee resolved:-

to note the Motions List.

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TRACKER

8. The Committee had before it the Report Tracker containing future committee business.

The Committee resolved:-

- (i) to note that a report relating to Victoria Road School which had been scheduled to be included within the agenda for today's meeting would now be submitted to the next meeting of the Committee; and
- (ii) to otherwise note the information contained within the Report Tracker.

STATUTORY PERFORMANCE INDICATORS 2016/17 - CG/17/104

9. The Committee had before it a report by the Head of Finance which presented the 2016/17 outturn for the Council's Statutory Performance Indicators (SPI).

The report recommended:-

that the Committee -

- (a) note the performance against the indicators identified in the report; and
- (b) agree that the SPI outturn performance for 2016/17 be published on the Council's website as part of our Public Performance Reporting arrangements.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) that if possible, to include benchmarking data against other comparable Scottish local authorities within the document.

CORPORATE GOVERNANCE FINANCIAL PERFORMANCE - QUARTER 1, 2017/18 - CG/17/100

10. With reference to article 10 of the minute of the previous meeting of 29 June 2017, the Committee had before it a report by the Head of Finance which outlined the forecast position of Corporate Governance for the financial year 2017/18 for both revenue and capital accounts.

The report recommended:-

that the Committee note the Corporate Governance forecast revenue and capital position as detailed in Appendix 1.

The Committee resolved:-

to approve the recommendation.

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CORPORATE GOVERNANCE SERVICE OUTCOME IMPROVEMENT REPORT - CG/17/097

11. With reference to article 15 of the minute of the previous meeting of 29 June 2017, the Committee had before it a report by the Head of Finance which outlined key performance information for the Corporate Governance service and how it related to strategic priorities.

The report recommended:-

that the Committee note the Service Outcome Improvement Report for the Corporate Governance Directorate and the information contained therein.

The Committee resolved:-

- (i) to instruct officers to identify the type of frequent queries that the Ask HR team were receiving from staff and to circulate details to all members of the Committee; and
- (ii) to otherwise approve the recommendation.

LIVING WAGE ACCREDITATION - PROGRESS REPORT - CG/17/105

12. The Committee had before it a report by the Head of Finance which provided an update on the Council's application for accreditation as a Living Wage employer and sought approval for an increase in the pre-parity rate for all framework agency workers.

The report recommended:-

that the Committee -

- (a) approve an increase in the pre-parity rate for all framework agency workers to at least the Living Wage figure for the year (currently £8.45); and
- (b) note the progress of the Council's application for accreditation as a Living Wage employer.

The Committee resolved:-

to approve the recommendations.

CORPORATE INFORMATION & ICT ACCEPTABLE USE POLICY - CG/17/101

13. The Committee had before it a report by the Head of Finance which sought approval of a new consolidated Corporate Information Policy and a revised Corporate ICT Acceptable Use Policy.

The report recommended:-

that the Committee -

- (a) note the information contained within the report;

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- (b) approve the new consolidated Corporate Information Policy, as outlined at section 3.1 to 3.4, and at Appendix 1 of the report ;
- (c) approve the revised Corporate ICT Acceptable Use Policy, as outlined at sections 3.5 and 3.6, and at Appendix 2 of the report; and
- (d) delegate authority to the Council's Senior Information Risk owner to (1) approve any new or revised procedures required to support the above policies; and (2) make minor amendments to the above policies.

The Committee resolved:-

- (i) to approve recommendations (a) to (c);
- (ii) to note that ICT Account Access Procedure referenced in Appendix 2, section 4.7 is not attached and will come to the next meeting of the Committee on 30 November 2017, for approval as part of a wider ICT Protective Monitoring Policy;
- (iii) to delegate authority to the Council's Senior Information Risk owner to make minor amendments to the above policies;
- (iv) to delegate authority to the Council's Senior Information Risk owner to approve any new or revised operational practices and procedures required to support the above Policies following consultation with the Convener and Vice Convener of Finance Policy and Resources Committee; and
- (v) that any minor amendments to policies be included in a Service Update.

ACC COMMUNICATIONS POLICY 2017 - OCE/17/018

14. With reference to article 18 of the minute of its meeting of 3 December 2015, the Committee had before it a report by the Chief Executive which sought approval for the implementation of the updated Aberdeen City Council Communications Policy.

The report recommended:-

that the Committee approve the policy for implementation as attached at Appendix 1 of the report.

The Committee resolved:-

- (i) to approve the recommendation, subject to replacing the word 'most' to 'all' at paragraph 4.1.7; and
- (ii) to request that all future press releases be circulated to all members of the Council.

TALL SHIPS - CHI/17/128

15. With reference to article 27 of the minute of its meeting of 9 March 2017, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which responded to a previous instruction to work on a potential bid for the Tall Ships Race in Aberdeen in 2022.

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The report recommended:-

that the Committee -

- (a) note the content of this report;
- (b) agree that a bid for the Tall Ships Race in 2022 is not viable and therefore agree that the development of a formal business case and allocation of associated resources be postponed; and
- (c) instruct officers to continue to explore options for a future bid for the Tall Ships Race and/or an appropriate maritime event following wider consultation with Aberdeen Harbour and city/regional partners. Where appropriate, this would align to any future City of Culture bid.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) that officers provide information to Councillor Flynn on whether there was any consultation undertaken with the Harbour Board prior to the decision taken at the meeting in March 2017.

TWINNING AND INTERNATIONAL PARTNERSHIPS - CHI/17/217

16. With reference to article 31 of the minute of its meeting of 9 March 2017, the Committee had before it a report by the Interim Director of Communities, Housing and Infrastructure which presented applications received for financial assistance from the International Twinning Budget 2017-18.

The report recommended:-

that the Committee -

- (a) approve a contribution of £2,280 towards 3 staff members from Education & Children's Services travelling to Clermont – Ferrand, 19 – 22 November 2017;
- (b) approve a contribution of £4,002.50 to support the visit to Kincorth Academy of staff and students from Albert – Magnus Gymnasium, Regensburg in October 2017; and
- (c) approve a contribution of £150 towards a Lecturer in Contemporary Art Practice at Gray's School of Art (photography specialist) travelling to the 2nd Symposium of Contemporary Photography in Regensburg, 26 – 28 October 2017.

The Committee resolved:-

to approve the recommendations.

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CROWDFUND ABERDEEN - CHI/17/213

17. With reference to article 38 of the minute of meeting of the Communities, Housing and Infrastructure Committee of 25 August 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which outlined the potential leverage and sought approval to commit £10,000 to Crowdfund Aberdeen from the existing Economic Development Service Project Development budget. The report also sought approval of the process to pledge this funding onto projects which were supported.

The report recommended:-

that the Committee -

- (a) approve the commitment of £10,000 from the existing Economic Development Service Project Development budget to Crowdfund Aberdeen. Any additional funding will be subject to the Council forecast out-turn delivering a balanced budget for the year. If this is not the case then this item may be refer to the budget process;
- (b) approve the proposed pledging process as outlined in the report; and
- (c) delegate authority to the Head of Economic Development, to approve the pledge of funding to individual projects.

The Committee resolved:-

to approve the recommendations.

POLICY PROHIBITING BALLOON AND LANTERN RELEASES - CHI/17/173

18. The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which highlighted the risks and consequences of uncontrolled release of items, including balloons and lanterns, on the economy and environment and sought approval for a policy prohibiting the practice from activities associated with Aberdeen City Council.

The report recommended:-

that the Committee -

- (a) approve the Council policy (Appendix 1 to the report) prohibiting the intentional, uncontrolled release of balloons, lanterns and other items from Council property, by Council staff and at events endorsed or supported by the Council, including those on non-Council property; and
- (b) instruct the Head of Planning and Sustainable Development to raise awareness across the Council of the economic and environmental risks and consequences of such releases and promote alternatives.

The Committee resolved:-

to approve the recommendations.

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WALLACE TOWER, TILLYDRONE ROAD - CHI/17/220

19. With reference to article 10 of the minute of meeting of the Property Sub Committee of 17 November 2015, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided an update on the efforts of the Tillydrone Community Development Trust (TCDT) to source external funding support to return the Wallace Tower building to community use and suggested other options open to the Council.

The report recommended:-

that the Committee -

- (a) note the report summary of the efforts of TCDT to source external grant funding support to bring the property back into community use as part of a wider redevelopment of the complete area;
- (b) remit it to the Head of Land & Property Assets to re-advertise the property, for sale or lease (subject to court approval, detailed in the Legal Implications section below), for any use capable of getting planning permission, on the basis that any prospective purchaser or tenant must demonstrate that their proposed development scheme is fully funded; and
- (c) remit it to the Head of Land & Property Assets to report back to a future meeting of this Committee on all offers received, including any proposal by TCDT.

The Committee resolved:-

to approve the recommendations.

**TOWARDS A FAIRER ABERDEEN THAT PROSPERS FOR ALL 2017 - 2020
(HEALTH AND WELLBEING) - CHI/17/098**

20. With reference to article 7 of the minute of its meeting of 9 March 2017, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought approval of an additional theme for tackling poverty and further proposals relating to the structure for overseeing the implementation of agreed actions and future engagement with individuals and groups who are experiencing poverty.

The report recommended:-

that the Committee -

- (a) approve the list of lead Directors and Heads of Service (Appendix 1 of the report) who will progress the priorities and actions and report to Council as appropriate;
- (b) note that a further report on the governance and, performance and management for tackling poverty and inequality linked to the Community Planning Partnerships Local Outcome Improvement framework will be reported to Committee in November 2017;

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- (c) approve the additional priorities and actions under Health and Wellbeing for inclusion in “Towards a Fairer Aberdeen That Prospers for All 2017- 2020” as detailed in Appendix 2 (see theme 11 Health and Wellbeing); and
- (d) agree that the Head of Communities and Housing report back on the consultation results and proposed implementation of the Scottish Government’s Socio-economic duty early in 2018 once the Socio- Economic duty has been passed by the Scottish Parliament, and that this report also includes options on how ongoing engagement with individuals and groups experiencing poverty will be progressed.

The Committee resolved:-

- (i) to approve recommendations (b), (c) and (d); and
- (ii) in relation to (a) above, to approve appendix 1 which outlined who would progress the priorities and actions subject to amending it so that it identifies a single lead officer as the responsible contact and report to Council as appropriate.

PUBLIC BODIES DUTIES CLIMATE CHANGE REPORT 2016/2017 - CHI/17/144

21. The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought approval of the mandatory Public Bodies Duties Climate Change report submission to the Scottish Government to ensure compliance with the requirements of Part 4 of the Climate Change (Scotland) Act 2009.

The report recommended:-

that the Committee -

- (a) approve the submission of the Public Bodies Duties Climate Change Report as set out within the appendices to Scottish Government;
- (b) authorise the Chief Executive to sign off the submission; and
- (c) instruct the Interim Head of Planning and Sustainable Development to report back to this Committee in early 2018 with an action plan to improve performance and reporting.

The Committee resolved:-

to approve the recommendations.

MIDDLEFIELD/NORTHFIELD PLACE-MAKING (2ND REPORT) - CHI/17/008

22. With reference to article 40 of the minute of its meeting of 9 March 2017, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information on the instruction to report back to Committee should Sustrans make a provisional grant offer in relation to travel routes in and around Heathryfold Park, Middlefield and Northfield.

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The report recommended:-

that the Committee -

- (a) approve acceptance of Sustrans' offer of a grant of up to £469,094 (subject to 2.5 below) to enhance active travel routes in, and around, Heathryfold Park, Middlefield and Northfield (so as to improve their accessibility for cyclists and pedestrians) (see 4.1. below);
- (b) approve the expenditure of this grant allocation, from Sustrans;
- (c) authorise the required procurement exercise(s) and approves delivery of improvements to paths in, and around, Heathryfold Park, Middlefield and Northfield up to the value of this grant allocation;
- (d) instruct that an allowance be made within future revenue budgets for the maintenance of these enhanced paths;
- (e) instruct the Director of Communities Housing and Infrastructure, in consultation with the Heads of Finance and Legal and Democratic Services, to confirm to their satisfaction that the terms and conditions of the grant funding can be met in relation to this offer of funding (see 4.1 below);
- (f) instruct the Head of Land and Property Assets to identify a responsible officer to monitor compliance with the grant conditions;
- (g) give approval for the public to be consulted on other potential active travel improvements within this Locality; and
- (h) instruct the Head of Land and Property Assets to report to a future Committee meeting as to the results of this public consultation, along with recommended actions.

The Committee resolved:-

to approve the recommendations.

ENFORCEMENT OF THE PRIVATE RENTED HOUSING SECTOR

23. The Committee were advised that this item had been withdrawn.

UNRECOVERABLE DEBT - CG/17/098

24. With reference to article 13 of the minute of its meeting of 20 September 2016, the Committee had before it a report by the Head of Finance outlined Council Tax, Business Rates and Housing Benefit Overpayments made unrecoverable during 2016/7 as required in terms of Financial Regulations 5.3.4.

The report recommended:-

that the Committee -

- (a) note the value of Council Tax, Business Rates and Housing Benefit Overpayments deemed by the Head of Finance as unrecoverable and shown in Appendices 1 to 4 of the report; and

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- (b) approve the Business Rates debts in excess of £25,000 shown in Appendix 4 are unrecoverable and be written off;

The Committee resolved:-

- (i) to approve the recommendations; and
(ii) to note that officers would include data in a future report in relation to repeat business addresses which have write offs.

MANAGEMENT OF GAPS IN THE PUBLIC TRANSPORT NETWORK - CHI/17/171

25. With reference to article 20 of the minute of the Council meeting of 21 June 2017, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided details of the identified gaps in the public transport network in Aberdeen and how these gaps measure against the Council's assessment criteria for determining what transport is required.

The report recommended:-

that the Committee -

- (a) delegate authority to the Interim Head of Planning and Sustainable Development, following consultation with the Head of Commercial and Procurement Services, to undertake a tender process for the procurement and thereafter award of contracts for supported bus services in Kingswells, Airyhall / Craigiebuckler and Dubford / Denmore as detailed in this report and in Appendix 2;
- (b) approve the total estimated expenditure for the award of these contracts as detailed in Appendix 2;
- (c) instruct the Interim Head of Planning and Sustainable Development to include the budgetary spend for supported bus services as detailed in Appendix 2 to this report for the 2018/19 financial year. Any additional funding will be subject to the Council forecast out-turn delivering a balanced budget for the year. If this is not the case then the item will be referred to the budget process; and
- (d) request the Interim Head of Planning and Sustainable Development to report to the Communities Housing and Infrastructure Committee in May 2018 with regards to the position of operating services under s22 Community Bus Permit and to update on the performance of all supported bus services.

The Committee resolved:-

to approve the recommendations.

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**SCHOOL AND SOCIAL WORK TRANSPORT FRAMEWORK AGREEMENT
EXTENSION - CHI/17/175**

26. With reference to article 43 of the minute of its meeting of 15 September 2015, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought approval to invoke the one year extension clause in the current Framework Agreement for the provision of school, college and social work transport.

The report recommended:-

that the Committee -

- (a) approve the 1 year extension to the current Framework Agreement or the provision of call-off contracted School and Social Work Transport;
- (b) approve the related estimated expenditure for the call off contracts, (of 4 year duration) to be entered into in respect of a) above as set out in Appendix 1 of this Report; and
- (c) instruct the Interim Head of Planning and Sustainable Development to advise the committee on an annual basis of expenditure made within that year, and cumulative expenditure against initial estimate.

The Committee resolved:-

to approve the recommendations.

CONDITION & SUITABILITY 3 YEAR PROGRAMME - CHI/17/227

27. With reference to article 27 of the minute of its meeting of 20 September 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought approval of an updated three year Condition and Suitability Programme of works on the Council's non-housing property portfolio.

The report recommended:-

that the Committee -

- (a) to note the projects completed or legally committed in 2017/18 as shown in Appendix A of the report;
- (b) to note the currently approved projects and approves the amended budgets for each project as shown in Appendix B of the report;
- (c) to approve the removal of the projects listed in Appendix C of the report;
- (d) to approve the new Condition & Suitability (C&S) Programme projects listed in Appendix D (of the report) for inclusion in the 3 year C&S Programme and notes the estimated budget for each project;
- (e) to instruct the Head of Land & Property Assets to implement the detailed 3 year C&S Programme;
- (f) to delegate authority to the Head of Land & Property Assets, following consultation with the Capital Board and the Convenor and Vice-Convenor of this

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- Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported to the Committee;
- (g) to delegate authority to the Head of Land & Property Assets, following consultation with the Capital Board and the Convenor and Vice-Convenor of this Committee, to allocate projects or additional budgets to/from a £500k reserve fund, with such allocations to be reported to the Committee;
 - (h) to delegate authority to the Director of Communities Housing & Infrastructure, following consultation with the Head of Commercial and Procurement Services, Head of Land & Property Assets and the Asset Management Manager, in connection with the C&S Programme, to undertake or instruct tendering procedures or competitive quotes procedures as appropriate and in accordance with the Aberdeen City Council Procurement Regulations, and the awarding of contracts following thereon, subject to the necessary funding being available in the approved Non-Housing Capital Budget;
 - (i) to exempt all such procedures and contracts from the requirements of Aberdeen City Council Procurement Regulation 4.1.1 (Committee approval of expenditure); and
 - (j) to note the future C&S projects listed in Appendix E of the report.

The Committee resolved:-

- (i) to approve the recommendations;
- (ii) that officers clarify whether the artificial pitch at Tullos Primary was still useable and was also safe for users, and advise Councillor Nicoll accordingly; and
- (iii) that maintenance concerns in relation to Braeside School including the overgrown condition of the playground be remitted to the Education and Children's Services Committee for consideration.

PROPOSED PURCHASE - GROUND WELLINGTON ROAD - CHI/17/216

28. With reference to article 12 of the minute of its meeting of 7 December 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided details of the outcome of the instruction to request the property be sold by the Scottish Government to the Council for £1.

The report recommended:-

That the Committee -

- (a) note and discuss the content of the report including the outcome of the request and response from the Scottish Government; and
- (b) instruct officers to progress the preferred option from the options detailed in paragraph 3.10 and if appropriate, instruct the Head of Legal and Democratic Services to conclude the purchase of the ground incorporating appropriate clauses to protect the Council's interest.

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

That the Committee -

- (1) note the outcome of the request and response from the Scottish Government; and
- (2) instruct the Head of Land and Property Assets to progress the option detailed at 3.10.2 in the report, requesting that the Scottish Government sell the ground to the Council at its current market value of £5000 and if agreed, instruct the Head of Legal and Democratic Services to conclude the purchase of the ground incorporating appropriate terms to protect the Council's interests.

Councillor Nicoll, seconded by Councillor Catriona MacKenzie moved as an amendment:-

That the Committee –

- (1) note the report to the Communities Housing and Infrastructure Committee of 13 January 2015, Agenda Item 12.3, proposing that sufficient land should be reserved by the Council to ensure that Wellington Road could be widened to provide improvements to the transport corridor at the development opportunity site (OP104) which had arisen following the closure of Craiginches prison by the Scottish Government. Further notes that as a management of risk, acquiring the land would allow the prospective development to be designed in a way that minimises objection and complaints as the land will be omitted from any sale of the site for development;
- (2) note the Committee resolved:-
 - (a) approve the land identified on the site of the former Craiginches Prison for the purposes of improving the transport corridor A956 Wellington Road, and
 - (b) To instruct officers to enter into negotiations with the Scottish Government to seek transfer of the land into Council ownership at no cost to the Council, noting that provision would be made within the capital programme as a contingency;
- (3) note the report to the Finance Policy and Resources Committee of 7 December 2016, Agenda Item 12.4, advised elected members that the Scottish Government rejected the proposal at 2(b) above and that "... discussions would continue regarding the exact area of ground required how it would relate to the new housing development at the former prison site and the value of the site. It was agreed the site would be valued by an independent valuer in accordance with the transfer of property within the Scottish Public Sector and to this end the Valuation Office Agency was instructed." Further notes the author concerns regarding matters which may arise if the land was not purchased and how the purchase linked with strategic objectives of the Council and that the officer concluded "the value of the land had been undertaken by an appropriately qualified Chartered

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- Surveyor and that therefore it is my opinion that the purchase price is fair.” and recommended purchase for £230,000;
- (4) notes the decision of the Committee:-
- (a) note the content of the report and agree to instruct officers to confirm to the Scottish Government that the Council no longer wishes to proceed with the purchase of this land at £230,000 valuation, but would consider purchasing the land for £1 as an act of goodwill given our £75m contribution towards the AWPR; and
- (b) instruct officers to report back to the Committee on the Scottish Government response to the request;
- (5) note that in a letter dated 26 August 2016, as part of the planning process for the Craiginches development the Council have imposed conditions on the developer. Condition 16 required the developer to construct a retaining wall.
- “No development shall take place unless construction and design details of the proposed retaining wall between the site and Wellington Road has been submitted to and approved in writing by the planning authority. Thereafter the wall shall be constructed in accordance with the approved details.
- Reason – In order to ensure that the wall has sufficient retaining strength and would not compromise the future dualing of Wellington Road.”
- (6) note the £8 Million investment by the Scottish Government in the £21M development by Sanctuary Scotland to provide 124 homes for key workers at the Craiginches site, the £430,000 developer obligations committed to local community assets. Further notes the number of affordable houses developed by the Council between 2014/15 and 2016/17 amounted to 344 properties from an identified target of 1245 properties;
- (7) note the response from the Scottish Government to the purchase negotiations to date and the detailed legal advices contained within the Exempt appendix at 5.1 to the present report and that at present it is not possible to implement Compulsory Purchase powers in the present circumstances; and
- (8) instruct officers to take the appropriate steps to purchase the land at the independent valuation of £230,000 as previously budgeted in the strategic land acquisitions budget.

On a division, there voted:- for the motion (10) – the Convener, the Vice Convener and Councillors Donnelly, Grant, Greig, Houghton, Macdonald, Reynolds, Sellar and Wheeler; for the amendment (7) – Councillors Allard, Cameron, Jackie Dunbar, Flynn, Catriona MacKenzie, Nicoll and Townson.

The Committee resolved:-
to adopt the motion.

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The following item was considered with the press and public excluded in terms of Section 50(A)(3)(b) of the Local Government (Scotland) Act 1973.

UNRECOVERABLE DEBT - CONFIDENTIAL APPENDIX 4

29. The Committee had before it a confidential appendix relating to the Unrecoverable Debt report, referred to at article 24 above.

The Committee resolved:-

to note the information contained within the confidential appendix.

MANAGEMENT OF GAPS IN THE PUBLIC TRANSPORT NETWORK - EXEMPT APPENDIX 2

30. The Committee had before it an exempt appendix relating to the Management of Gaps in the Public Transport Network report, referred to at article 25 above.

The Committee resolved:-

to note the information contained within the exempt appendix.

SCHOOL AND SOCIAL WORK TRANSPORT FRAMEWORK AGREEMENT EXTENSION - EXEMPT APPENDIX 1

31. The Committee had before it an exempt appendix relating to the Management of Gaps in the Public Transport Network report, referred to at article 25 above.

The Committee resolved:-

to note the information contained within the exempt appendix.

CONDITION & SUITABILITY 3 YEAR PROGRAMME - CHI/17/227 - EXEMPT APPENDICES

32. The Committee had before it exempt appendices relating to the Condition and Suitability 3 Year Programme report, referred to at article 27 above.

The Committee resolved:-

to note the information contained within the exempt appendices.

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PROPOSED PURCHASE - GROUND WELLINGTON ROAD - EXEMPT APPENDIX

33. The Committee had before it an exempt appendix relating to the Proposed Purchase – Ground at Wellington Road report, referred to at article 28.

The Committee resolved:-

to note the information contained within the exempt appendix.

DEVELOPMENT OF SERVICE LEVEL AGREEMENTS (EQUALITIES) - CHI/17/215

34. With reference to article 42 of the minute of meeting of the Communities, Housing and Infrastructure Committee of 24 May 2017, the Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided an update on progress on the development of Service Level Agreements – Equalities.

The report recommended:-

that the Committee instruct officers to report back as and when necessary on progress made on the Equality grant funding plan in order to assist the Council in the delivery of its Equality Outcomes and in mainstreaming equality with new service specifications. This should be in place by March 2019.

The Committee resolved:-

to approve the recommendation.

REQUEST FOR APPROVAL OF EXPENDITURE FOR WINES, BEERS AND SPIRITS TENDER - BEACH BALLROOM - ECS/17/052

35. The Committee had before it a report by the Director of Education and Children's Services which sought approval to conduct a tender process for the provision of wines, beers and spirits to the Beach Ballroom for a maximum of four years and of the estimated expenditure as detailed within the report.

The report recommended:-

that the Committee -

- (a) delegate authority to the Head of Inclusion and Education Services, following consultation with the Head of Commercial and Procurement Services, to undertake a tender process for the procurement and thereafter the award of contracts for the provision of beers, wines and spirits to the Beach Ballroom;
- (b) delegate authority to the Head of Commercial and Procurement Services, to conclude a contract with the successful bidder(s) for an initial term of three years commencing in January 2018, with the option to extend for a further year;
- (c) approve the estimated expenditure per annum for the provision of wines, beers and spirits as detailed within the report at section 4.1.

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The Committee resolved:-

to approve the recommendations.

ELECTIONS SERVICES TENDER - OCE/17/020

36. The Committee had before it a report by the Chief Executive which advised of the intention to establish a single supplier framework for the provision of Electoral Services over a four year period and sought approval for the estimated expenditure as detailed within the report.

The report recommended:-

that the Committee -

- (a) approve that a procurement exercise be undertaken in order to establish a single supplier framework for the provision of Electoral Services over a four year period. This will be concluded in line with Council's Procurement Regulations, Financial Regulations and relevant EU legislation; and
- (b) approve the estimated value of the contract over a four year period as detailed at section 3.4 of the report. This is based on a range of services that may or may not be purchased on scheduled and any other elections and referendums over that time period e.g. by-elections, etc.

The Committee resolved:-

to approve the recommendations.

HILLHEAD OF PITFODELS - PROPOSED SALE OF FARM HOUSE - REDEVELOPMENT OF DERELICT FARM BUILDING - CHI/17/229

37. With reference to article 38 of the minute of its meeting of 20 September 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information of a cost variation in a redevelopment scheme for a cottage at Hillhead of Pitfodels (a property held in Common Good), and sought approval for the continuation of the said scheme at the revised higher cost as detailed in the report.

The report recommended:-

that the Committee instruct the Head of Land and Property Assets to tender for the refurbishments works to the cottage and to implement a works programme to convert the cottage into Aberdeen Northern Marts Group staff accommodation, with the revised costs as detailed within section 4.1 of the report to be funded from the proceeds of the sale of the farmhouse at Hillhead of Pitfodels.

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The Committee resolved:-

to approve the recommendation.

LANDS OF SKENE, SURPLUS HOUSES - CHI/17/231

38. The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information on several Council owned farms out with the city boundary at Lands of Skene, Carnie.

The report recommended:-

that the Committee -

- (a) accept the proposal to renounce a house from the lease of Eastside of Carnie Farm;
- (b) authorise the Head of Land and Property Assets to organise a connection to mains water and the installation of a separate septic tank and soakaway, all as described in paragraph 3.5 of this report, at an estimated cost of circa £25,000 to the Lands of Skene charitable trust and the fencing in 3.3b at £10,000;
- (c) accept the proposal to renounce a house from the lease of Northside and Hillhead of Carnie Farm;
- (d) authorise the Head of Legal and Democratic Services to amend the two farm leases, to give legal effect to a) and c) on terms and conditions as are necessary to protect the Trust Fund Account's interests; and
- (e) authorise the Head of Land and Property Assets to advertise the two houses for sale on the open market, on the basis that the offers received be reported back to a future meeting of this Committee for consideration

The Committee resolved:-

to approve the recommendations.

JESSIEFIELD FARM - CHI/17/230

39. The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information on the proposal to renounce part of an agricultural lease and thereafter grant a new lease of that land to allow the construction of a new Equestrian Centre.

The report recommended:-

that the Committee -

- (a) approve the provisional terms and conditions, as described in paragraph 3.4 (v) of the report, to have the present lease holder renounce 12.45 acres from the lease of Jessiefield Farm, Hazlehead in favour of the City Council;

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- (b) approve the grant of a new 50 year lease of that land to Hayfield International Limited for the construction of a new Horse Riding School, on terms and conditions as described in the remainder of paragraph 3.4 of the report; and
- (c) authorise the Head of Legal and Democratic Services to formally conclude missives in connection with the linked property transactions in (a) and (b) on terms and conditions as are necessary to protect the Council's interest.

The Committee resolved:-

to approve the recommendations.

REQUEST FOR RATES RELIEF (HARDSHIP) - CG/17/106

40. The Committee had before it a report by the Head of Finance which provided details of an application for rates relief (hardship relief) received from a company who occupy business premises at Howemoss Drive, Dyce, Aberdeen.

The report recommended:-

that the Committee -

- (a) grant the request for hardship relief in full to the company identified in the report for 1 year starting from 1 April 2017 and ending 31 March 2018. The Revenues and Benefits Section of Corporate Governance will supervise/ensure that the company still meet the hardship relief criteria during this period. That Service will also ensure that all the necessary requirements and documentation has been processed before the grant; or
- (b) partially grant the request for hardship relief to the company identified in the report for 1 year starting from 1 April 2017 and ending 31 March 2018. The Revenues and Benefits Section of Corporate Governance will supervise/ensure that the company still meet the hardship relief criteria during this period. That Service will also ensure that all the necessary requirements and documentation has been processed before the grant. In determining any partial grant of hardship relief, this may be taken as any percentage applied against the total rates charge; or
- (c) turn down the request for hardship relief to the company identified in the report.

The Committee resolved:-

to approve recommendation (c) above.

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ABERDEEN EXHIBITION & CONFERENCE CENTRE - FINANCIAL UPDATE AND ANAEROBIC DIGESTION GAS TO GRID PLANT CONSTRUCTION CONTRACTOR PROCUREMENT.

41. With reference to article 35 of the minute of meeting of the Communities, Housing and Infrastructure Committee of 15 March 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which (1) provided an update in relation to the new Aberdeen Exhibition and Conference Centre (AECC) development project; and (b) outlined the findings of the investigation of potential alternative uses for the site of the Anaerobic Digestion Gas to Grid plant including the findings of the tendering exercise and evaluation process.

The report recommended:-

that the Committee -

- (a) note the update for the new AECC project;
- (b) delegate authority to the Head of Finance, following consultation with the Head of Economic Development, the Head of Land and Property Assets and the Head of Legal and Democratic Services to approve and monitor non-material changes to the project, provided always that the Council's financial commitment stays within the approved budget;
- (c) note the outcome of the investigation of potential alternative uses of the site;
- (d) appoint the preferred bidders for the AD G2G plant design and build contract as outlined within the report at section 4.15.1 and 4.16.1; and
- (e) delegate authority to the Head of Legal and Democratic Services, following consultation with the Head of Finance, the Head of Economic Development and the Head of Land and Property Assets, to negotiate and conclude any contracts or other financial or legal documents (including any grant funding agreements) which are deemed by the Head of Legal and Democratic Services to be necessary or expedient in relation to the project.

The Committee resolved:-

to approve the recommendations.

MATTER OF URGENCY

In accordance with the decision recorded under article 1 of this minute, the following item was considered as a matter of urgency in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973 as the property was marketed earlier this year with a closing date of 25 April to allow the outcome of the marketing to be reported to the Committee in June. The decision of the Committee in June was for further clarification on each bid to be gathered and presented to the next meeting of the Committee, if the report is delayed to the next cycle there would be a risk that some or all of the bidders might withdraw their offers.

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DISPOSAL OF NELSON STREET PAVILION AND PLAYING FIELDS - CHI/17/223

42. With reference to article 27 of the minute of the previous meeting of 29 June 2017, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which advised members of the outcome of the marketing in relation to the property, Nelson Street Pavilion and Playing Fields, and to provide further detail of the offers received.

The report recommended:-

that the Committee -

- (a) agree that the offer submitted for the Nelson Street Pavilion and Playing Fields by the bidder under Section 3.6.1 of the report be accepted subject to qualifications; and
- (b) agree that the Head of Legal and Democratic Services be instructed to conclude missives for a development lease for the site incorporating various qualifications as are necessary to protect the Council's interests.

The Committee resolved:-

- (i) that the offer submitted for the Nelson Street pavilion and playing fields by the bidder under section 3.6.1 of the report be accepted subject to qualifications, which should address how the Council would secure that the community benefits identified in the bid would be delivered to the local and wider community;
- (ii) to instruct the Head of Communities and Housing to liaise with the preferred bidder in relation to future community consultation in the development of their proposals; and
- (iii) that the Head of Legal and Democratic Services be instructed to conclude a missive for a development lease for the site incorporating various qualifications as are necessary to protect the Council's interests taking cognisance of (i) and (ii) above.

At this juncture, the Committee were advised that in terms of Standing Order 37.2 (Length of Meetings), a meeting will last no longer than four hours. The Committee agreed unanimously to suspend Standing Order 37.2 and continue with the meeting.

MITIGATION OF RISKS FOR NEW DOMESTIC GAS SERVICING AND MAINTENANCE CONTRACT - CHI/17/232

43. With reference to article 9 of the minute of its meeting of 7 December 2016, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information on the proposed new contract for gas servicing and maintenance of domestic boilers, which was planned to be procured in time for 1 November 2017.

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The report recommended:-

that the Committee -

- (a) note the risks in the report;
- (b) note the proposed risk control measures being taken to mitigate the known risks;
- (c) note the potential situations and risks, which may lead to the Head of Commercial and Procurement Services and/ or the Chief Executive to implement any emergency procedures under the Scheme of Delegation and procurement regulations; and
- (d) approve the extension of the existing contract for a maximum period of six months and approve the maximum estimated expenditure for the six-month extension as outlined in Section 4.2 of the report, in the event that the new contract is not in place by 1st November 2017.

The Committee resolved:-

to approve the recommendations.

PINEWOOD HAZLEDENE SALE UPDATE - CHI/1/101

44. With reference to article 24 of the minute of its meeting of 6 December 2012, the Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which provided information in relation to a request received from a company to delay each of the current and future payments due by them for a six month period, with the next payment being proposed to be made before 1 December 2017.

The report recommended:-

that the Committee -

- (a) instruct the Head of Land and Property Assets to alter the terms of the sales agreements between the Council and its partners and the company outlined with the report to allow the revised payment terms and conditions as identified in this Report; and
- (b) instruct the Head of Legal and Democratic Services to initiate legal action to recover sums due should the next or future payments not be received by the revised due date(s) without further recourse to this Committee.

The Committee resolved:-

to approve the recommendations.

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HYDROGEN AND ELECTRO MOBILITY IN EUROPEAN REGIONS (HYER) LOAN - CHI/17/233

45. The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought consideration of a request from HyER to provide additional funding to assist the organisation to manage its cash flow.

The report recommended:-

That the Committee -

- (a) note the growing importance of hydrogen fuel cell applications at all levels of government;
- (b) note the benefits of the Council's membership of HyER;
- (c) instruct the Head of Commercial and Procurement Services to carry out a state aid assessment;
- (d) delegate authority to the Head of Finance, following consultation with the Head of Legal and Democratic Services, Head of Commercial and Procurement Services and the Head of Economic Development to approve the provision of a revenue grant to HyER of up to a maximum amount of £50,000, subject to:-
 - (1) the assessment detailed in (c) above, determining that the revenue grant does not constitute state aid; and
 - (2) agreement of appropriate terms and conditions for the revenue grant, which may include provision for the repayment of the grant and the purposes for which it can be used; and
- (e) note that the Lord Provost is currently President of HyER.

The Committee resolved:-

to approve the recommendations.

- **COUNCILLOR DOUGLAS LUMSDEN, Convener.**

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COMMITTEE BUSINESS STATEMENT – 01 DECEMBER 2017

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 via a Service Update. Reports which are overdue are shaded.

<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.	Finance, Policy and Resources Committee - 19/04/16 (Article 23)	<p><u>Participatory Budgeting</u></p> <p>The Committee resolved to request officers to develop a Corporate Policy for participatory budgeting and report this to the Committee.</p>	A report was approved by the Communities, Housing and Infrastructure committee on 29 August 2017 for Participatory Budgeting during 2017/18 relating to communities and housing service budgets. Work is on-going through Community Planning Aberdeen to develop our PB approach. Further, the outcome of the current Scottish Government consultation on socio-economic duty will need to be considered in our policy development. The 2017/18 PB process, work being done through community planning and the outcome of the socio-economic duty will assist to determine a Council policy for PB.	Neil Carnegie – CH&I		01/02/18
2.	Finance, Policy and Resources Committee - 19/04/16 (Article 29)	<p><u>FCHJU Fuel Cell Bus Commercialisation Project</u></p> <p>The Committee resolved, amongst other things,</p>	A report is included within the agenda	Andrew Win/Laura Paterson/Emma Watt – CH&I		01/12/17

<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>
	Communities Housing and Infrastructure Committee - 20/01/16 (Article 22)	<p>(1) to instruct the Director of Communities, Housing and Infrastructure to report back to Finance, Policy and Resource Committee with confirmation that external match funding was secured for the project; and</p> <p>(2) to instruct the Director of Communities, Housing and Infrastructure to explore the possibility of increasing the number of buses if match funding could be secured and to report back to the next meeting of the Committee on 7 June 2016 in this regard.</p> <p>At its meeting of 20 January 2016, the Committee agreed amongst other things to instruct officers to present a detailed business case for Aberdeen City Council's participation in the commercialisation project under the proviso that European and external funding sources are secured.</p>				
3.	Finance, Policy and Resources Committee - 19/04/16 (Article 39)	<p><u>Report on Lease Issues with ALEOs</u></p> <p>The Committee resolved, amongst other things, to request the Director of Communities, Housing and Infrastructure to submit a report regarding the policy in respect of repairs of all leased properties.</p>	A report is included within the agenda.	Stephen Booth – CH&I	20/09/16	01/12/17

<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>
4.	Property Sub Committee - 02/09/15 (Article 5)	<p><u>Former Bon Accord Baths Disposal</u></p> <p>It was agreed to instruct the Head of Land and Property Assets to enter into dialogue with Bon Accord Heritage and report back to this Sub Committee at a future meeting, by 24 May 2016 at the latest, with further detail in relation to their proposals, delivery strategy and timing.</p>	A report on outcome of survey was provided to Council officers on 11 August with presentation by contractor to Council officers and members of Bon Accord Heritage on 17 August 2017. Bon Accord Heritage to review findings of report, prepare their own cost estimates for their proposed development and provide costed business plan and project plan to the Council. Current timescale from Bon Accord Heritage is the end of the year to provide this to the Council. A Report will be brought back to the Committee as soon as this is provided. If anything significant happens in the interim Committee will be advised.	Neil Strachan – CH&I	By 24/05/16	01/02/18
5.	Property Sub Committee - 02/09/15 Article 9	<p><u>Ferryhill Engine Shed – Lease</u></p> <p>It was agreed to note that the Head of Land and Property Assets will report to the Property Sub Committee on 29 March 2016, with details of what the Trust has provided and a recommendation on a way forward.</p>	Heads of Terms have been issued to the group for a long term lease. Awaiting confirmation of agreement to the Heads of Terms. Once agreement is reached a report will be brought back to Committee.	Louisa Ratana-Arporn – CH&I	29/03/16	01/02/18
6.	Property Sub Committee - 17/11/15 (Article 5)	<p><u>Denburn Car Park Site</u></p> <p>The Sub Committee agreed to instruct the Head of Land and Property Assets to open discussions with NHS Grampian (The Scottish</p>	A joint valuation instruction has been instructed and received. The level of value is being discussed with NHS Grampian and they need to decide how they wish to take the transaction	Neil Strachan – CH&I	24/05/16	01/02/18

<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>
		Ministers) over the future of the Denburn car park site and report back to a future meeting of this Committee.	<p>forward.</p> <p>NHS Grampian remain in the process of relocating their services from the property.</p> <p>A Report will be brought to Committee at the first available opportunity once agreement has been reached with NHS Grampian on an appropriate course of action.</p>			
7.	Finance, Policy & Resources Committee – 07/06/16 (Article 25)	<p><u>Service To Deliver Mobility Equipment Hire</u></p> <p>The Committee resolved, amongst other things, to instruct officers to periodically update the Committee on the progress of Shopmobility in implementing the scheme.</p>	A Service Update has been circulated – further Service Updates on progress made on the Shopmobility initiative in order to assist the Council in the delivery of its Equality Outcomes and in mainstreaming equality will be circulated to members as and when necessary.	Sandra Howard/Derek McGowan – CH&I	09/03/17	Service Update
8.	Finance, Policy & Resources Committee – 20/09/16 (Article 26)	<p><u>Property Asset Management Policy and Framework</u></p> <p>The Committee agreed that a report on the Property Asset Management Strategy be brought to this committee on 8 June 2017.</p>	In light of some pending related work streams proposing transformation, a fuller and more appropriate report will be brought to a future committee in 2018, although that would be dependent on other factors. It is worth noting though, that the approved Asset Management Policy & Framework covers a lot of the asset issues.	Alastair Reid – CH&I	08/06/17	September 2018

<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>
9.	Finance, Policy & Resources Committee (Reconvened) – 07/12/16 (Article 3)	<p><u>Strategic Infrastructure Plan – City Centre Living Study</u></p> <p>The Committee agreed to approve expenditure of up to £30k to award a contract to Consultants to prepare a City Centre Living study and report progress back to Finance, Policy and Resources Committee in February 2017 (Now March 2017)</p>	<p>The draft consultant’s study was submitted in October. Following review and consideration, the outcomes with appropriate recommendations will be reported to FP&R Committee on 1 February 2018.</p>	Scott Davidson – OCE	09/03/17	01/02/18
10.	Finance, Policy and Resources Committee – 09/03/17 (Article 7)	<p><u>Towards a Fairer Aberdeen that Prospers for all 2017-2020</u></p> <p>The Committee agreed to:-</p> <p>(1) request officers to report back to a future Finance Policy and Resources Committee with a corporate framework linked to the Community Planning Partnerships Local Outcome Improvement Plan structure for overseeing the governance, performance and management for tackling poverty and inequalities;</p> <p>(2) request officers to develop proposals and report back to Committee regarding how ongoing engagement with individuals and groups who are experiencing poverty would be progressed; and</p> <p>(3) note the proposal to pilot school holiday meal provision in three primary schools was subject to confirmation that funding was available in the 2017/18 budgets and</p>	<p>Reports relating to items 1 and 3 are included within the agenda</p> <p>In relation to item 2 regarding “options on how ongoing engagement with individuals and groups experiencing poverty will be progressed” this is being incorporated as part of a report on the implementation of the Scottish Governments new Socio- Economic duty is enacted i.e expected report on this will be early 2018.</p>	Derek McGowan – CH&I		<p>Items 1 and 3 – 01/12/17</p> <p>Item 2 - 01/02/18</p>

<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>
		to evaluate and report back to Committee within nine months.				
11.	Finance, Policy and Resources Committee – 09/03/17 (Article 15)	<p><u>Enforcement within the Private Rented Housing Sector</u></p> <p>The Committee agreed to instruct the Director of Communities, Housing and Infrastructure to bring a report to a future meeting of the Finance, Policy and Resources Committee outlining the options for enhancing the resources available for enforcement within the private rented housing sector and to draft a business case on how this could be done on a revenue-neutral basis.</p>	A report is included within the agenda.	Derek McGowan - CH&I	01/12/17	01/12/17
12.	Finance, Policy and Resources Committee – 09/03/17 (Article 24)	<p><u>City Centre Lighting Strategy and Implementation Plan</u></p> <p>The Committee approved expenditure of up to £75,000 to award a contract to consultants to prepare a City Centre Lighting Strategy and Implementation Plan (Aberdeen In Colour) and report progress to Finance, Policy and Resources Committee following completion.</p>	A creative lighting consultant has been appointed to prepare the City Centre Lighting Strategy and Implementation Plan. This will be completed in early January 2018 which will allow a report to be submitted to the February FP&R Committee meeting.	Scott Davidson - OCE		01/02/18
13.	Finance, Policy and Resources Committee – 09/03/17 (Article 43)	<p><u>Furniture Storage and Removals and Domestic Furniture and Furnishings</u></p> <p>The Committee agreed to instruct officers to report to Committee by December 2017 with an options</p>	A report is included within the agenda.	Graeme Gardner – CH&I	01/12/17	01/12/17

<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>
		appraisal for charging customers for the storage and removal of furniture.				
14.	Finance, Policy and Resources Committee – 09/03/17 (Article 47)	<p><u>Sports Provision Across the City</u></p> <p>The Committee agreed to instruct the Head of Policy, Performance and Resources to undertake a review of sports provision across the city, taking cognisance of existing organisations providing sports facilities and present an integrated sports strategy to this committee later in the year.</p>	A report is included within the agenda.	Euan Couperwhite – E&CS	01/12/17	01/12/17
15.	Finance, Policy and Resources Committee – 09/03/17 (Article 51)	<p><u>87-93 Union Street and 1-6 Market Street</u></p> <p>The Committee agreed that the Head of Land and Property Assets is instructed to do the following -</p> <p>(1) advise the site owners that the investment ground lease model is one the Council are not prepared to take forward at this stage; and</p> <p>(2) continue dialogue with the owners to identify alternative mechanisms to allow a redevelopment of the site to be progressed, including a purchase by the Council, to meet the wider objectives of the city centre masterplan. The outcome of these discussions should be brought to a future meeting of this committee.</p>	Discussions continue on other options for the site.	Stephen Booth – CH&I		01/12/17

<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>
16.	Council – 21/06/17	<p><u>Site at Beach Esplanade/King Street</u></p> <p>The Finance, Policy and Resources Committee agreed to approve the minute subject to amending Article 5(iii) to read 'that in relation to item 22 (Site at Beach Esplanade/King Street), to instruct officers to take forward the full Council resolution on 16 December 2015 with the founding trustees of the Aberdeen Islamic Charitable Trust and to report back to Council on progress at the meeting on 21 June 2017.</p> <p>The Council resolution of 16 December 2015 (Article 26) was as follows:-</p> <p>(1) to confirm that it is still the intention of the Council to see the site developed as a Mosque and Islamic Centre; and</p> <p>(2) to instruct the Head of Land and Property Assets to continue the dialogue with the Muslim Community to progress the development of a Mosque and Islamic Centre, taking account of all previous correspondence and Council decisions and report to the Property Sub Committee in June 2016.</p>	<p>Heads of Terms for development lease are with party identified by Committee as party the Council should be dealing with. Although the party has been chased as of deadline for Committee reports to December meeting of Finance, Policy and Resources Committee, no response has been provided by potential tenant.</p>	Stephen Booth - CH&I	01/12/17	

<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>
		Council agreed that item 4 (OP85 - King Street/Beach Esplanade), be transferred back to the Finance, Policy and Resources Committee Business Statement with a due date of 30 November 2017.				
17.	Finance Policy and Resources Committee – 29/06/17 (Article 20)	<p><u>Non-Domestic Rates Relief Options</u></p> <p>The Committee agreed to note the Scottish Government set up the Barclay review group to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces which is due to report to Ministers in July 2017 and to instruct the Chief Executive to bring forward that report once published thereafter to the first available Finance Policy and Resources Committee</p>	A report is included within the agenda	Jamie Coventry – CH&I		01/12/17
18.	Finance Policy and Resources Committee – 20/09/17 (Article 13)	<p><u>ICT Account Access Procedure</u></p> <p>The Committee agreed to note that ICT Account Access Procedure referenced in Appendix 2, section 4.7 was not attached and would come to the next meeting of the Committee on 30 November 2017 for approval as part of a wider ICT</p>	A report is included within the agenda. Title of report is Protective Monitoring.	Norman Hogg - CG	01/12/17	01/12/17

<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>
		Protective Monitoring Policy.				
19.	Finance Policy and Resources Committee – 20/09/17 (Article 21)	<p><u>Public Bodies Duties – Climate Change</u></p> <p>The Committee agreed to instruct the Interim Head of Planning and Sustainable Development to report back to this Committee in early 2018 with an action plan to improve performance and reporting.</p>	It is anticipated that due to the requirement for extensive preparatory work and cross service input, a report would be submitted around April 2018.	Amy Gray – CH&I		April 2018
20.	Finance Policy and Resources Committee – 20/09/17 (Article 22)	<p><u>Travel Improvements - Middlefield/Northfield</u></p> <p>The Committee agreed to give approval for the public to be consulted on other potential active travel improvements within this Locality and instruct the Head of Land and Property Assets to report to a future Committee meeting as to the results of this public consultation, along with recommended actions.</p>	The public consultation study is due to be completed in March 2018, thereafter the report will be submitted to Committee around May 2018.	Bill Watson – CH&I		May 2018
21.	Education & Children's Services Committee – 16/11/17	<p><u>Lochside Academy Supported Bus Service for Cove – Proposed Fare</u></p> <p>The E&CS Committee agreed that in order to support the transition to the new school, to approve Option 2a as detailed in the report with the addition of the provision of a supported bus service between</p>		E&CS		01/02/18

<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>
		Cove and Lochside Academy with pupils paying a fare to use the service to take effect from August 2018 and initially for a period of 3 years subject to approval of appropriate funding by the Finance, Policy and Resources Committee and to instruct the Interim Head of Planning and Sustainable Development to report to the appropriate Committee on the proposed fare to be paid by pupils from Cove for approval.				

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FINANCE POLICY AND RESOURCES COMMITTEE

MOTIONS LIST

December 2017

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

<u>No.</u>	<u>Motion</u>	<u>Date of Council/ Committee Meeting</u>	<u>Committee Motion referred to / date/ decision of Committee</u>	<u>Action taken / Proposed Future Action</u>	<u>Responsible Head(s) of Service</u>	<u>Due Date</u>	<u>Is authority sought to remove motion from list?</u>
1.	<p><u>Motion by Councillor Stewart</u></p> <p>To instruct the Director of, Communities, Housing and Infrastructure to bring a report to the next meeting of Communities, Housing and Infrastructure on the proposition that where there are unreasonable delays in Capital Programmes of Works attributed to the Contractor, that (i) Council tenants and other affected householders should receive an appropriate payment payable by the contractor (to be provided for in the contract between the</p>	CH&I Committee - 24/01/17		<p>At the CH&I meeting of 24 January 2017 the Committee agreed to the terms of the motion reporting to Finance Policy Resources Committee in June.</p> <p>A report is included within the agenda.</p>	Head of Communities and Housing	08.06.17	Yes

<u>No.</u>	<u>Motion</u>	<u>Date of Council/ Committee Meeting</u>	<u>Committee Motion referred to / date/ decision of Committee</u>	<u>Action taken / Proposed Future Action</u>	<u>Responsible Head(s) of Service</u>	<u>Due Date</u>	<u>Is authority sought to remove motion from list?</u>
	council and the contractor) to cover their reasonable losses and/or (ii) other methods of recompense should be made available. The report will also look at best practice adopted in this area by other Scottish local authorities						
2.	<p><u>Motion by Councillor Cooke</u></p> <p>1. Council notes that the Gordon Highlanders Museum is the only five star rated visitor attraction in the city, and is important in attracting visitors to Aberdeen; and that it also represents an important educational resource. Council also notes the close and long-standing connections between Aberdeen and this historic regiment.</p> <p>2. Council further notes that the museum is facing a funding crisis due to a drop in income</p>	Council – 21/06/17		A report is included within the agenda.	Head of Finance		Yes

<u>No.</u>	<u>Motion</u>	<u>Date of Council/ Committee Meeting</u>	<u>Committee Motion referred to / date/ decision of Committee</u>	<u>Action taken / Proposed Future Action</u>	<u>Responsible Head(s) of Service</u>	<u>Due Date</u>	<u>Is authority sought to remove motion from list?</u>
	<p>from its commercial activities, resulting from the recent downturn in the local economy; and has launched an appeal to raise £300,000 over a three year period; but expects to be able to return to being self-funding thereafter.</p> <p>3. Council therefore instructs officers to investigate what financial support can be provided by the council to the museum to help ensure the survival and future success of this superb facility, given its economic, educational and cultural importance; and to report back with recommendations to the Finance, Policy and Resources Committee</p>						

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CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings

Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Current Gas Central Heating Maintenance Framework Contract	01/12/2017	Colin MacIver	John Quinn	The Committee agreed amongst other things that an update report in relation to the contract be brought back to the Committee on 30 November 2017	Withdrawn - Report went to September committee, decision was made in September and no new recommendations. An update will be provided in Summer of 2018 on the progress.
Towards A Fairer Aberdeen That Prospers For All 2017-20 "Food and Fun" Evaluation	01/12/2017	Wilma Smith	Derek McGowan	Update - Business decision - 09/17 - to note the proposal to pilot school holiday meal provision in 3 primary schools is subject to confirmation that funding is available in the 2017/18 budgets and to evaluate and report back to Committee within 9 months.	
Furniture Storage and Removals and Domestic Furniture and Furnishings	01/12/2017	Graeme Gardener	Derek McGowan	09/03 - The Committee agreed to instruct officers to report to Committee by December 2017 with an options appraisal for charging customers for the storage and removal of furniture. This report should detail our proposals to charge people, subject to a financial assessment, for storing their goods while we have a duty to them under homelessness legislation.	
Approval to extend self-service payment kiosk contract	01/12/2017	Craig Farquhar	Morven Spalding	To renew the contract for maintenance and support for the existing self-service payment kiosks (It may be that when IT goes to committee the team may look to procure additional kiosks, which would slightly alter the purpose, but purpose will be updated if that's the case)	Withdrawn - We have decided against procuring additional kiosks, and instead will just be extending the support and maintenance contract for the existing kiosks. The estimated expenditure is £16,000 which falls below the £50,000 requiring ctte approval
Council Financial Performance - Quarter 2 2017/2018	01/12/2017	Sandra Buthlay	Steven Whyte	For noting the financial performance of Council, Revenue and Capital budgets and Earmarked Reserves and the provision of information on key variances contributing to the forecast outturn.	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Corporate Governance Financial Report - Quarter 2, 2017/18	01/12/2017	James Hashmi	Steven Whyte	For noting the financial performance of Corporate Governance, Revenue and Capital budgets and Earmarked Reserves and the provision of information on key variances contributing to the forecast outturn.	
Small Financial Assistance Grants and Gala Funding 2017/18	01/12/2017	Karen Black	Steven Whyte	Subject to applications being received. Each application requires consideration and a decision on the award of funding.	Withdrawn - To go as a service Update based on the March '17 meeting outcomes from committee
Pension Fund Guarantee Requests	01/12/2017	Lesley Fullerton	Steven Whyte	Subject to requests being received. To consider requests received from North East Scotland Pension Fund admitted bodies for Aberdeen City Council to become a guarantor for their pension fund liabilities.	Withdrawn - No request were received therefore no report required
Treasury Management Policy and Strategy – Mid Year Review	01/12/2017	Neil Stewart	Steven Whyte	To update the Committee on Treasury Management activities undertaken during financial year 2016/17.	
Corporate Governance Performance Scorecard	01/12/2017	Martin Allan			Withdrawn - the performance report was considered by the Cttee at its last meeting and is not due back to the Cttee until the early part of 2018.
Fairtrade	01/12/2017	Oluwatoyin Fatokun	Eric Owens	Update on Fair trade resolution. To review Aberdeen City Council's (ACC) progress against corporate policy and the Fairtrade Resolution.	Withdrawn - It was advised a service update would be sufficient due to their being no change since the last committee and the recommendation being note the report. .
FCHJU Fuel Cell Bus Commercialisation Project	01/12/2017	Andrew Win	Richard Sweetnam	At meeting on 9 March 2017 it was agreed an extension to timescale to allow for confirmation of status of external match funding. Expected close is now 31st October 2017. The purpose of the report is to confirm external match funding and operator commitment toward the FCHJU project	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Unified Customer Communications & Collaboration	01/12/2017	Alexander Ryland	Simon Haston	Request to procure a unified communications solution to replace existing telephony systems, hardware, maintenance, fixed line/mobile contracts, and contact centre systems. This is anticipated to achieve significant savings potential within IT & Transformation, and act as an enabling technology to savings elsewhere in the organisation.	Withdrawn - Needs to go through transformation board 1st and will be brought back to a future committee once TOM structure has been implemented.
Procurement of Cash in Transit Services	01/12/2017	Irene deBoth	Craig Innes	The purpose of this report is to seek Committee approval to undertake a joint procurement exercise with Aberdeenshire Council for the provision of cash in transit services at an estimated Aberdeen City contract value of £xxx,xxx over a 5 year term	
Protective Monitoring	01/12/2017	Norman Hogg	Simon Haston	To provide assurance that Protective Monitoring is performed in line with legislation and best practice.	
Procurement of Debt Collection Sheriff Officer Services	01/12/2017	Phyllis Kennedy	Steven Whyte	to seek Committee approval to undertake a procurement exercise for the supply of Debt Collection Sherriff Officer Services	
Procurement of Payment Processing Services	01/12/2017	Wayne Connell	Steven Whyte	to seek Committee approval to extend the current Payment Processing contract, including approval of the expenditure for the extension and undertake a procurement exercise for the supply of Payment Processing Services.	
National and Local Rates Relief Schemes	01/12/2017	Ewan Wallace	Steven Whyte	to update Committee in relation to rates relief granted under both the national Transitional Relief Scheme and the local rates relief scheme.	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Outcomes of the City Centre Living Study	01/12/2017	Scott Davidson	Marc Cole	will report on the outcomes of the City Centre Living Study	On hold - Aim is to meet the Febraury committee deadlines. The consultant's disappointingly presented to the CCMP Board on 17 October and were instructed to revisit the form of their report with the view to "Better to get it right" and put the report on hold until February. This means the revised version we won't receive it until Friday at the earliest (missing all current deadlines for November committtee). The revised reports then needs to be assessed and reviewed, this will take some time. As a result it can't be ready for November meeting.
Review of the Managing Substance Misuse Policy (tbc)	01/12/2017	Keith Tennant	Morven Spalding	This policy is concerned with further refining the processes involved when dealing with substance misuse cases. It also has the aim of updating the policy to reflect recent changes in legislation and support.	Delayed - Some further changes to the draft policy have been identified and officers are going to require to undertake more consultation with the trades unions. Having spoken with the Service Manager, it has been decided not to put this report to FP&R on 1/12/17 as there will likely not be time to achieve the Committee deadlines.
Site at Beach Esplanade/ King Street	01/12/2017	Louisa Ratana Arporn	John Quinn	Decision sheet 23.06, move from Full Council back to FPR	Delayed - Will be going to February committee, there is no update or progress on the sale of the property.

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
SUDS Section 7	01/12/2017	Mike Cheyne	Mark Reilly	<p>Maintenance of SuDS within the boundaries or curtilage of a private property, such as a residential driveway or a supermarket car park, is the responsibility of the land owner or occupier.</p> <p>The Scottish Environment Protection Agency's (SEPA's) preference is for SuDS constructed outside the boundaries or curtilage of a private property to be adopted by Scottish Water, the local authority or a public body, and as such SEPA seeks a guarantee for the long term maintenance and sustainability of any SuDS implemented.</p>	Withdrawn - There is no information to report as the team is awaiting a decision from Scottish Gov and until that point a report can not be produced.
Twinning & International Partnership grants	01/12/2017	Dawn Schultz	Richard Sweetnam	Regular report to update council - The Twinning report is a standing item on the agenda	
Service To Deliver Mobility Equipment Hire	01/12/2017	Sandra Howard	Derek McGowan	Update	Withdrawn - Report not required as a service update was adequate enough after advise from committee services
Street Activity	01/12/2017	Mike Cheyne	Mark Reilly	The financial implications of the planned street activity for Aberdeen	Withdrawn - discussions with colleagues in Aberdeen Inspired this report is being pulled from this cycle to allow further discussions to take place. Aim to have this meeting in the new year.
Trade Waste Bins on streets	01/12/2017	Mike Cheyne	Mark Reilly	The purpose of this report is to update the policy regarding the ongoing practice of commercial waste containers being left on the public road and to define a restriction in collection times to control the indiscriminate obstruction of streets and pavements.	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Developer Obligations Monitoring	01/12/2017	David Marshall	John Quinn	Report on the current situation with Developers contributions	Withdrawn - The report was moved to CHI committee and it was determined the Council is not legally required to report to committee on this matter. Legal and Gale Beattie informed David Marshall of the decision
Delays in Capital Programmes of Works Attributed to the Contractor – Motion by Councillor Jennifer Stewart	01/12/2017	Neil Cairnegie/Arthur Barrie	John Quinn/Derek McGowan	The motion by Councillor Stewart was “ To instruct the Interim Director of Communities, Housing and Infrastructure to report on the proposition that where there are unreasonable delays in Capital Programmes of Works attributed to the Contractor, that (i) Council tenants and other affected householders should receive an appropriate payment payable by the contractor (to be provided for in the contract between the Council and the Contractor) to cover their reasonable losses and/or (ii) other methods of recompense should be made available. The report will also look at best practice adopted in this area by other Scottish Local Authorities”	
City Events 2018-19	01/12/2017	Dawn Schultz	Richard Sweetnam	Report on the events planned for 2018/19	
Disposal of the former Victoria Road School	01/12/2017	Neil Strachan	John Quinn	Update	
Report on Lease Issues with ALEOs	01/12/2017	Stephen Booth	John Quinn	A wider Report is to be incorporated into work on ALEO review and reported in November 2017.	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017

The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings

Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Property Asset Management Policy and Framework	01/12/2017	Alastair Reid	John Quinn	In light of some pending related work streams proposing transformation a fuller and more appropriate report will be brought to a future committee.	Withdrawn - Will be going in Autumn 2018. Difficult to have a clear timescale due to the uncertainties of what transformation and the TOM will mean for assets. Until we know we can't write a strategy.
Enforcement within the Private Rented Housing Sector	01/12/2017	Ally Thain	Derek McGowan	The Committee agreed to instruct the Director of Communities, Housing and Infrastructure to bring a report to a future meeting of the Finance, Policy and Resources Committee outlining the options for enhancing the resources available for enforcement within the private rented housing sector and to draft a business case on how this could be done on a revenue-neutral basis.	
Barclay Review of Non-Domestic Rates	01/12/2017	Jamie Coventry	Richard Sweetnam	The Committee agreed to note the Scottish Government set up the Barclay review group to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces which is due to report to Ministers in July 2017 and to instruct the Chief Executive to bring forward that report once published thereafter to the first available Finance Policy and Resources Committee	

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Sports Provision Across the City	01/12/2017	Euan Couperwhite	Euan Couperwhite	The Committee agreed to instruct the Head of Policy, Performance and Resources to undertake a review of sports provision across the city, taking cognisance of existing organisations providing sports facilities and present an integrated sports strategy to this committee later in the year.	
Revised Equal Pay Policy	01/12/2017	Keith Tennant	Morven Spalding	This report is concerned with seeking authority from Committee for a revised Equal Pay policy. This policy was due a review under the rolling programme of HR policy reviews. The document has been updated to reflect current organisational arrangements for ensuring equal pay, with changes including the extension of its scope to cover equal pay in relation to the various protected characteristics (not just gender) and the incorporation of the Council's most up-to-date equal pay statement.	On hold - HOS is still completing the research for the report and waiting on analytical information therefore a report will be presented to committee as there is not enough information, and the HOS wants the Committee/Councillors to have all the correct up to date information to make an informed decision, an aim to go to Feb 2018
Gordon Highlanders Museum - Financial Assistance - Motion by Councillor Cooke	01/12/2017	James Hashmi	Steven Whyte	In response to a Notice of motion by Cllr Cooke	
External Projects & Partnerships Activity	01/12/2017	Laura Paterson	Richard Sweetnam	Update report on the External Projects and Partnership ACC has currently	
Credit Rating Annual Review	01/12/2017	Sandra Buthlay	Steven Whyte	To update committee on the outcome of the annual review of the credit rating by Moody's.	
Participation Requests	01/12/2017	Elsie Manners	Derek McGowan	To approve the delegation of powers to Heads of Service across the Council to make decisions regarding participation requests.	Withdrawn - Now being submitted to December's full council.

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Common Good Land - UTG	01/12/2017	Cameron Bailie	Richard Sweetnam	Instruction to file a Court petition for the Common Good Land "change of use" that is required for the Union Terrace Gardens Project	Withdrawn - On advice from ACC's Legal team we have sought the advice of a QC to clarify a number queries surrounding the potential alienation of common good land related to the proposed buildings within the UTG project. At present Officers cannot make appropriate recommendations within the report without first considering the QC's advice and then evaluating if there are any risks or impacts that need to be taken into consideration and undertaking appropriate actions to minimise any issues that arise. As the QC's advice will not be passed back to ACC's Legal team until mid-November there is not enough time to make the necessary evaluations and produce the appropriate recommendations.
VisitAberdeen Update report	01/12/2017	Richard Sweetnam	Bernadette Marjoram	Update	Delayed - The report can not be produced until the outcomes are completed Visit Scotland's, until that point there is nothing to report. Visit Scotland are meeting at the start of 2018.
Cults Business Park, proposed extension of expiry date of ground lease	01/12/2017	Peter Lowe	John Quinn	Proposed extension of ground lease in return for premium payment to the City Council	
Fierce Beer Limited, Unit 24 Howemoss Drive, Kirkhill Industrial Estate, Dyce	01/12/2017	Peter Lowe	John Quinn	Proposed purchase of Industrial Investment property by City Council and "back to back " lease to an existing Council tenant Fierce Beer Limited who are extending their business.	Withdrawn - Fierce Beer are no longer extending their premises

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Procurement & Appointment of Contractor or Contractors for the Repair & Refurbishment of TNRP Industrial Property at Minto Drive, Altens Industrial Estate, Aberdeen	01/12/2017	Peter Lowe	John Quinn	Refurbishment and modernisation of Industrial Building within the TNRP Industrial portfolio.	
Proposed Sale of TNRP Industrial Property Site 17 Pitmedden Road Industrial Estate, Dyce, Aberdeen	01/12/2017	Peter Lowe	John Quinn	Proposed sale of City Council's interest in the subject property to tenant.	
Willowbank House (Aberdeen Business Centre) – option appraisal on future use	01/12/2017	James Argo	John Quinn	Willowbank House (Aberdeen Business Centre) is a City Council-owned investment property, under the management of the Head of Land & Property Assets. The report discusses its present condition, its market appeal, and sets out various options for the future of this property asset	Withdrawn - Officers never considered all the options therefore more research into the project is required so the report can be completed with all options covered.
Service Income Debt	01/12/2017	Wayne Connell	Steve Whyte	The purpose of this report is to seek approval in principle to sell Service Income debt that has been uncollected for more than 90 days to a 3rd party collection agent.	Withdrawn - Reason – to allow further work to be undertaken on analysing debt outstanding to determine some parameters around the type of debt that would/wouldn't be sold and to further understand the market for the type of debt the council has, to allow an assessment of whether it is worthwhile pursuing this further. late 2018

CYCLE 4 - COMMITTEE STATISTICS - 1/12/2017**The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings**

Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Cost of Proposed Pupil Transport to Lochside Academy	01/12/2017	Andrew Jones	Euan Couperwhite	Sets out the costs of the options approved by the Education and Children's Services Committee for providing subsidised transport to school for pupils attending the new Lochside Academy from August 2018.	
AAG Summary Paper	01/12/2017	Scott Davidson	Marc Cole		

CYCLE 5 - COMMITTEE STATISTICS - 1/2/2018
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings

Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Property Update report		Stephen Booth	John Quinn	Annual report	
Annual Report on Economic Panel (TBC)		Richard Sweetnam	Richard Sweetnam		
Twinning & International Partnership grants		Dawn Schultz	Richard Sweetnam	Regular report to update council	
Fraud, Bribery and Corruption Policy		Brian Muldoon	Steven Whyte	To update the existing policy	
Review of the Managing Substance Misuse Policy (tbc)	01/12/2017	Keith Tennant	Morven Spalding	This policy is concerned with further refining the processes involved when dealing with substance misuse cases. It also has the aim of updating the policy to reflect recent changes in legislation and support.	
Aberdeen in Colour		Scott Davidson	Marc Cole	to report on the Creative Lighting Strategy.	
City Centre Living		Scott Davidson	Marc Cole	to report the city living strategy and indicate acceptance.	
Ferryhill Engine Shed – Lease	01/02/2018	Louisa Ratana Arporn	John Quinn	09/03 Business statement - It was agreed to note that the Head of Land and Property Assets will report to the Property Sub Committee on 29 March 2016, with details of what the Trust has provided and a recommendation on a way forward.	
Former Bon Accord Baths Disposal	01/02/2018	Neil Strachan	John Quinn	Meetings are being held with Bon Accord heritage on a regular basis to assist them in the development plans for the facility and a report will be presented	

CYCLE 5 - COMMITTEE STATISTICS - 1/2/2018					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Denburn Car Park Site	01/02/2018	Neil Strachan	John Quinn	Discussions are ongoing with NHS Grampian. A joint valuation instruction is being negotiated with NHS Grampian. Due to the complexities around ownership and liabilities of the site officers have not yet been able to reach agreement. NHS Grampian remain in the process of relocating their services from the property	
Participatory Budgeting	01/02/2018	Neil Cairnegie	Derek McGowan	Officers have concluded a number of PB projects during 2016/2017 (including HRA funded initiatives and Fairer Aberdeen Fund) with the three Locality PB events concluding at the end of March 2017 which has included the use of online tools to support the process. Through the conclusion of these projects and ongoing work with PB Partners, Officers will deliver a policy based on Scottish wide and global best practice coupled with lessons learnt from PB activities up to March 17	
Public Bodies Duties – Climate Change	01/02/2018	Amy Gray	Eric Owens	The Committee agreed to instruct the Interim Head of Planning and Sustainable Development to report back to this Committee in early 2018 with an action plan to improve performance and reporting.	Withdrawn - Climate Change report in the FP&R Committee Reports tracker for the 1st Feb 18 meeting. This resulted from a previous FP&R resolution to report back in early 2018. However, the work and therefore the report won't be ready for the Feb meeting

CYCLE 5 - COMMITTEE STATISTICS - 1/2/2018					
The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings					
Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Revised Equal Pay Policy	01/02/2018	Keith Tennant	Morven Spalding	This report is concerned with seeking authority from Committee for a revised Equal Pay policy. This policy was due a review under the rolling programme of HR policy reviews. The document has been updated to reflect current organisational arrangements for ensuring equal pay, with changes including the extension of its scope to cover equal pay in relation to the various protected characteristics (not just gender) and the incorporation of the Council's most up-to-date equal pay statement.	
VisitAberdeen Update report	01/02/2018	Richard Sweetnam	Bernadette Marjoram	Update	
Outcomes of the City Centre Living Study	01/02/2018	Scott Davidson	Marc Cole	will report on the outcomes of the City Centre Living Study	
Corporate Governance Performance Scorecard	01/02/2018	Martin Allan			
Site at Beach Esplanade/ King Street	01/02/2018	Louisa Ratana Arporn	John Quinn	Decision sheet 23.06, move from Full Council back to FPR	
Property Asset Management Policy/Strategy	01/02/2018	Alistair Reid	John Quinn	Annual report - TBC it is going, it may be later in the year	
Pension Fund Guarantee Requests	01/02/2018	Lesley Fullerton	Steven Whyte	Subject to requests being received. To consider requests received from North East Scotland Pension Fund admitted bodies for Aberdeen City Council to become a guarantor for their pension fund liabilities.	
Street Activity	01/02/2018	Mike Cheyne	Mark Reilly	The financial implications of the planned street activity for Aberdeen	
Market Operators Licence	01/02/2017	Dawn Schultz	Richard Sweetnam	TBC	

CYCLE 1 - COMMITTEE STATISTICS - PRIOR TO SUMMER 2018
 The Tracker Shows the Reports Which are Expected to be Submitted to Future Committee Meetings

Report Title	Committee date	Report author	Head of Service	Purpose of Report	Explanation if Delayed or Withdrawn
Solar Photovoltaic Agreement	Summer 2018				
Performance reporting, monitoring and implementation of corporate responsibility (environment) – an action plan for the Council	March 2018	Amy Gray	Eric Owens	This report identifies a number of options to ensure environmental actively is correctly governed within the Council in an accountable and transparent way, enabling continual improvement. A number of governance options are identified, with committee asked to approve an option to progress.	

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources
DATE	1 December 2017
REPORT TITLE	Gordon Highlander Museum – Financial Assistance – Motion by Councillor Cooke
REPORT NUMBER	CG/17/131
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	James Hashmi

1. PURPOSE OF REPORT:-

- 1.1 At its meeting on 21 June 2017, Council approved a motion instructing officers to investigate what financial support could be provided by the Council to the Gordon Highlanders Museum and to report back with recommendations to the Finance, Policy and Resources Committee. This report is in response to that motion.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:
- a) Note the content of this report;
 - b) Agree that the request for financial support be referred to the Council's 2018/19 budget setting process; and
 - c) Instruct the Head of Finance, Head of Economic Development and Head of Education and Inclusion to work with and support representatives of the Gordon Highlanders Museum to consider the museums business model, external and internal funding sources and to integrate into the city's culture network.

3. BACKGROUND/MAIN ISSUES

3.1 Council Motion

At its meeting on 21 June 2017, Council approved the following motions:

- (1) Council notes that the Gordon Highlanders Museum is the only five star rated visitor attraction in the city, and is important in attracting visitors to Aberdeen; and that it also represents an important educational resource. Council also notes the close and long-standing connections between Aberdeen and this historic regiment.

- (2) Council further notes that the museum is facing a funding crisis due to a drop in income from its commercial activities, resulting from the recent downturn in the local economy; and has launched an appeal to raise £300,000 over a three year period; but expects to be able to return to self-funding thereafter.
- (3) Council therefore instructs officers to investigate what financial support can be provided by the Council to the museum to help ensure the survival and future success of this superb facility, given its economic, educational and cultural importance, and to report back with recommendations to the Finance, Policy and Resources Committee.

3.2 Gordon Highlanders Museum Appeal

3.2.1 The Gordon Highlanders Museum has launched the following appeal:

3.2.2 “Our main source of income has always been from the services that we supply to Aberdeen companies through conferences, training days and dinners. This has collapsed in line with the collapse in the oil price. In three years our income here has reduced by almost 60% and our profits by nearly 80%. For 2016 we had expected this income to at least remain static and not deteriorate further. Instead we have had a cruel shock: 2016 has been twice as bad as 2015 which until then had been our worst year. Our investment in improved facilities for our corporate clients has not made the difference we had hoped. We do not expect to be back where we were in 2014 before 2020.

3.2.3 This is why we are asking for a leg up now. We need to raise £100,000 each year for the next three years.”

3.2.4 In respect of the income cited above, the museum’s website shows 5 different function rooms that can be used for meetings, dinners or weddings. The prices for dinners depend on the level of service and the facilities and for bronze level are from £67 pp to from £135 pp for the gold level package.

3.2.5 Local media reported on 26 June 2017 that following the launch of the fundraising appeal in mid-May, over £100,000 has been raised, including a £10,000 donation from the Press & Journal. While there was an initial success at the launch of the appeal, donations have slowed considerably, with circa £140,000 raised from the £300,000 target.

3.3 Gordon Highlanders Regimental Trust

3.3.1 The Gordon Highlanders Regimental Trust, a registered charity, manages the Museum Support Fund. St Luke’s Limited, a company limited by guarantee, is the commercial arm of the Trust and this company works at arms-length to provide the museum with financial support in its day to day activities. The Gordon Highlanders Regimental Trust provides its premises to St Luke’s Ltd that operates a museum dedicated to the Gordon Highlanders.

3.3.2 The last accounts filed for St Luke's Ltd are for 2016 and are in the abbreviated format allowed for small companies. Of note is the balance sheet value, which has fallen from £117k in 2013 to £82k in 2016.

3.3.3 The following information from the Office of the Scottish Charity Regulator (OSCR) website shows declining financial activity for the Gordon Highlanders Regimental Trust:

	Year End	Income	Expenditure
2013	31-Mar-13	£167,069	£199,733
2014	31-Mar-14	£220,580	£229,376
2015	31-Mar-15	£25,283	£27,342
2016	31-Mar-16	£26,710	£29,858

3.3.4 Information from the OSCR website on the Museum Support Fund shows:

	Year End	Income	Expenditure
2013	31-Mar-13	£143,919	£176,962
2014	31-Mar-14	£198,606	£209,035
2015	31-Mar-15	£174,864	£172,919
2016	31-Mar-16	£292,202	£213,551

3.3.5 The museum's website identifies that 12 staff are employed with around 150 volunteers. The website also contains an advert for an additional permanent member of staff.

3.4 Educational, Economic & Cultural Importance

3.4.1 The information in the next 2 paragraphs has been provided by the museum.

3.4.2 User information provided by the Museum:

	Pupil Visits (Primary & Secondary)	Total Museum Visitors	Note
2014	2,740	33,428	1
2015	185	27,216	2
2016	1,646	35,385	
2017	1,319	28,232	3

Notes

- 1 This includes all admissions, tea room users and hospitality users.
- 2 Education room was closed for refurbishment for much of 2015. The schools programme was continued by going out to the schools but numbers not kept.
- 3 To end of October 2017.

- 3.4.3 The Gordon Highlanders Museum use a tool provided by the Archives, Libraries & Museums Alliance UK to quantify annual economic impact. The total value calculated was in excess of £1.4m, with the main elements being Employee Impact £490k, Procurement Impact £400k, Visitor Related Impact £180k and Social Impact £370k.
- 3.4.4 There is historic connection between the City and the Gordon Highlanders. The regiment's HQ was in Aberdeen/Bridge of Don between 1881 and 1994, when it was disbanded. Aberdeen and the surrounding area was the recruiting area for the Gordon's and local war memorials evidence this historic connection. In addition Aberdeen City Council is the custodian of the Regimental Colours which are on display in the Town House.
- 3.4.5 The museum's website claims that it is the only Visit Scotland 5 star attraction in Aberdeen. It be noted however, that Aberdeen Sports Village also holds this rating.
- 3.4.6 The museum is not part of the city's culture network which works with cultural partners across the city to implement a new cultural vision and strategy for the city. There is no financial commitment involved in being a member of the network and it offers support for cultural organisations and opportunities for partnership.
- 3.4.7 Officers consider joining the network would be beneficial and would enable the museum to benefit from shared opportunities and business management knowledge, and could enable the museum to more clearly demonstrate its contribution to the city.
- 3.5 Funding Support
- 3.5.1 The council operates a number of grant schemes with differing eligibility criteria. Information on some of these is provided via the council's website and includes Common Good Fund grants and Creative Funding. To date there has been no written funding application received by officers from the Gordon Highlanders Museum for any of these schemes. In an initial meeting, the CEO of the museum stated that he was looking to the council for financial support of £20k per year for each of the 3 years of the fundraising appeal, totalling £60k.
- 3.5.2 The council has provided financial support to the museum in the form of a subsidy from the Common Good Fund for the loan of paintings from the Art Gallery collections as part of their Picture Loan Scheme. This totalled £1,430 in 2016/17.
- 3.5.3 When a funding application is received, officers would have to be provided with sufficient information to evaluate whether the funding criteria are met and consider the application against available uncommitted budgets and other applications applying for funding from the same budgets.
- 3.5.4 Officers have identified that there is no uncommitted revenue funding that could be offered to the museum in 2017/18.

3.6 Other Support

- 3.6.1 Officers in Economic Development are investigating external funding sources for the museum to apply for and will prepare a summary report of their findings for discussion with the museum and offer support in applying for those funds identified. These would be funds external of council funds.

4. FINANCIAL IMPLICATIONS

- 4.1 Whilst there are no direct financial implications arising from the recommendation of this report, it should be noted that any future decision to award funding to the museum will have to be considered in terms of the financial resources available.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Customer / citizen and Reputational

- 6.1 There is a risk that failure of the museum would adversely affect the citizens of the city and wider area and cause reputational damage to the Council. This risk can be mitigated by working with and supporting museum representatives to develop a viable business model going forward.

Other

- 6.2 Consideration has also been given to Financial, Employee, Environmental, Technological and Legal risks, and no risks were identified.

7. IMPACT SECTION

7.1 Economy

- 7.1.2 The economic impact of the Museum has been quantified in section 3.4.3.

- 7.1.3 The Aberdeen City Council Strategic Business Plan 2017-2018 includes a commitment to 'work with partners and the community to develop iconic tourism attractions to capitalise on non-business tourism and leisure markets and stimulate diverse culture and creative offerings'.

7.2 People

- 7.2.1 The museum has a strong connection with the people of Aberdeen through having the regiment's barrack in the city and recruiting for the Gordons from within the city and its surrounding area. Today the museum is supported by many local volunteers and visitors who include those with an immediate or family connected to the regiment, local children on schools visits and foreign tourist with an interest in military history.

7.3 **Place**

- 7.3.1 The Gordon Highlanders Museum is recognised with a visit Scotland 5 star rating, one of only 2 visitor attractions in Aberdeen that hold this rating, part of making Aberdeen a vibrant city in which to visit or live.

7.4 **Technology**

- 7.4.1 There are no direct implications on technology arising from the recommendations of this report.

8. **BACKGROUND PAPERS**

- 8.1 The Gordon Highlanders Museum website:
<http://www.gordonhighlanders.com/>

9. **APPENDICES**

None.

10. **REPORT AUTHOR DETAILS**

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Corporate Governance Financial Performance – Quarter 2, 2017/18
REPORT NUMBER	CG/17/133
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	James Hashmi

1. PURPOSE OF REPORT:-

- 1.1 To provide the full year forecast position of Corporate Governance for the financial year 2017/18, for both revenue and capital accounts.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee note the following:-

a) Corporate Governance forecast revenue and capital position as detailed in Appendix 1.

3. BACKGROUND/MAIN ISSUES

- 3.1 This is the second quarterly financial report for 2017/18, representing the next stage of a stepped change in the way the Council reports its financial position.
- 3.2 This report focuses on the projected financial position for the full year for the Corporate Governance Service.
- 3.3 Quarterly reporting will evolve throughout the year to incorporate further changes such that the ultimate aim of a faster year end closedown and the production of the unaudited annual accounts by the end of April 2018 can be achieved. This means the Council would have produced its annual accounts two months earlier than the statutory deadline.

4. FINANCIAL IMPLICATIONS

- 4.1 The forecast full year financial position of the Corporate Governance revenue and capital accounts for the financial year 2017/18 is reflected in Appendix 1 to this report.

- 4.2 Following a positive financial performance in 2016/17, Corporate Governance starts the financial year 2017/18 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.3 Services continue to manage increased demand within the current service delivery model and structure within which the Council operates and this requires continued close fiscal management. Indeed services, including Corporate Governance, are examining all areas of spend with a view to avoiding expenditure except where absolutely necessary.

5. LEGAL IMPLICATIONS

- 5.1 While there are no direct legal implications arising from the recommendations of this report, there are additional reporting requirements due to the London Stock Exchange listing and issue of bonds.

6. MANAGEMENT OF RISK

Financial

- 6.1 Every organisation has to manage the financial 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 and so financial risk related to this report is considered to be low.
- 6.2 The main financial risk that the Council is managing is the increased demand on services. This is being mitigated through reviewing all areas of expenditure with a view to only incurring expenditure that is absolutely essential.
- 6.3 In relation to capital projects there is a risk that following the procurement process, tendered costs will vary from that assumed at the time of project approval. This risk is mitigated through quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.

Other

- 6.4 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological and Legal risks, and no risks were identified.

Reputational

- 6.5 The reputational risks to the Council are minimised by the regular review of financial information by services, CMT and Elected members throughout the Financial Year.

7. IMPACT SECTION

Economy

7.1 Investment in the city will have a positive impact on the economy.

People

7.2 Robust management of the council's finances will ensure that council services can continue to be provided.

Place

7.3 Investment will enhance the place by creating a better and more vibrant city in which to live.

Technology

7.4 There are no direct implications on technology arising from the recommendations of this report

8. BACKGROUND PAPERS

None

9. APPENDICES

Appendix 1 – Projected Financial Position – Revenue & Capital

10. REPORT AUTHOR DETAILS

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ABERDEEN
CITY COUNCIL

**PROJECTED FINANCIAL POSITION
FOR THE YEAR 2017/18**

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE - GENERAL FUND REVENUE

As at Period 6 2017/18	Year To Date			Forecast to Year End			
	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	3,749	3,824	75	6,169	6,140	(28)	(0)
Legal & Democratic Services	712	845	133	1,494	1,482	(12)	(29)
HR, Organisational Development & Customer Services	3,541	3,310	(232)	6,848	6,319	(530)	(249)
Commercial & Procurement Services	2,023	3,254	1,230	4,055	4,224	168	23
IT & Transformation	4,651	5,674	1,023	9,122	9,447	325	193
Housing Benefits	1,076	(879)	(1,956)	2,153	2,153	0	0
Total	15,753	16,027	274	29,841	29,764	(77)	(62)

As at Period 6 2017/18	Year to Date			Forecast to Year End			
	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	15,486	15,246	(240)	30,363	29,827	(536)	(618)
Property	334	577	244	647	642	(6)	(1)
Administration	1,117	1,087	(30)	2,447	2,217	(230)	(53)
Transport	286	716	430	572	774	202	23
Supplies and Services	3,008	2,937	(71)	6,100	5,909	(190)	(188)
Transfer Payments	25,681	27,363	1,682	51,362	51,362	(0)	(0)
Gross Expenditure	45,912	47,927	2,015	91,491	90,731	(761)	(838)
Government Grants	(24,953)	(28,591)	(3,638)	(49,905)	(49,891)	14	14
Grant/Reimbursement/Contribution	(1,889)	(910)	979	(3,778)	(3,455)	323	1
Customer & Client Receipts	(14)	(7)	8	(29)	(29)	0	20
Interest	(623)	(705)	(81)	(1,247)	(1,279)	(32)	(32)
Recharges to Other Heads	(2,215)	(997)	1,219	(5,763)	(5,497)	266	599
Other Income	(464)	(690)	(226)	(928)	(816)	113	174
Total Income	(30,159)	(31,900)	(1,741)	(61,650)	(60,966)	684	776
Net Expenditure	15,753	16,027	274	29,841	29,764	(77)	(62)

Notes

It should be noted that the full year budgets reflected above differ from those set by Council in February 2017 for a number of reasons. This is normal practice during the year as variances are identified. The main changes in services relate to the allocation of procurement and voluntary severance staff establishment budget savings which were held within contingencies at the time the budget was set.

There are a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year. A short life working group has been set up to carry out a strategic review of spend across a range of areas including those detailed below. Initial work carried out by the group indicates that whilst there are challenges ahead, a number of options are available to address these such that a balanced position can be achieved.

1. The main areas of pressure, emerging risks and assumptions within Finance are:
 - The significant volume of mail out of documentation such as Council Tax Billing creates a pressure on the services postage budget. Whilst the current forecast reflects the trend in prior years, efforts are being made to contain postage costs as far as possible.
 - Recharges to the HRA (Housing Revenue Account) are forecast to be above budget reflecting increasing accounting support.
2. The main areas of pressure, emerging risks and assumptions within Legal & Democratic Services are:
 - Recharges to Other Heads such as Capital and the NESPF (North East Scotland Pension Fund) are anticipated to be lower than budget, in line with prior year actuals and rechargeable work during quarters 1 and 2 in 2017/18, reflecting actual work carried out by Legal Services for these accounts.
3. The main areas of pressure, emerging risks and assumptions within HR, Organisational Development and Customer Services are:
 - Agency costs incurred in relation to the development of the Your HR IT system has created a pressure within the services budget.
 - Following a review of training needs for the year, an underspend on the Corporate Training budget is now forecast.
 - Recharges to Highland Council are forecast to be above budget reflecting recharges from the Regional Contact Centre for an out of hours service agreed after the setting of the current year's budget. There are also recharges to Police Scotland for the interim payroll service provided pending Police Scotland launching their own in house payroll system.
 - Recharges to Trading and Finance – Revenues are forecast to be above budget reflecting rechargeable activity to date and prior year actuals.
 - The Employee Benefits Scheme is anticipated to generate significant unbudgeted income during the year. This will be used to offset cost pressures within the service such as the development of the Your HR IT system referred to above.
4. The main areas of pressure, emerging risks and assumptions within Commercial & Procurement Services are:
 - Reduced income is anticipated from Highland Council reflecting delays in filling posts which will be offset by savings in staff costs as a result of these short term vacancies.
 - Following a review of the 2016/17 costs recharged for shared services, a prior year adjustment has been agreed which will have an adverse impact on income levels this year.
 - Vehicle insurance continues to be a pressure area reflecting the poor claims history. Driver training has been implemented to mitigate this. This pressure will be partly offset by forecast underspends on general insurance.
 - Anticipated income budgeted within recoveries general are unlikely to be achieved and therefore represent a pressure area within the service.
5. The main areas of pressure, emerging risks and assumptions within IT & Transformation are:
 - Staffing costs are anticipated to be under budget as a result of vacancies in posts that work on capital projects. However, this will be offset by forecast reductions in recharge income from the capital programme.
 - Telecoms costs are a pressure area largely around the costs related to Bon Accord Care.
 - A review of Hardware and Software budgets has been undertaken which has identified areas where in year savings can be achieved with no major impact on service delivery.
 - Sponsorship for the free WiFi service is a pressure area given the current economic climate.
 - A new charging system was implemented in late 2016/17 which more accurately captures the cost of IT support to users of the service. Recharges to HRA are now forecast at a reduced rate reflecting the change to recording service use by time rather than number of uses. This will be partly offset by forecast increases in the level of recharges to Trading and Finance - Revenues.
6. Housing Benefits is demand led which can lead to cost pressure but this is offset by additional income from the DWP.

CORPORATE GOVERNANCE - GENERAL FUND CAPITAL

As at Period 6 2017/18 Programme Board		Corporate Governance			Figures for Total Project		
		Approved Budget	Expenditure to Date	Forecast Expenditure	£'000	£'000	£'000
Strategic	Data Centre Transition & Infrastructure Transformation	3,000	2,875	2,875			
Strategic	Technology Investment Requirements & Digital Strategy	4,716	1,402	4,716			
		7,716	4,277	7,591			

Following the Strategic Transformation Committee in early October, the original Digital Strategy is to be superseded by the new Digital Transformation Programme. Any unspent capital budgets for the original programme are to be returned to the corporate core. Formal project close will now be undertaken and Finance and ICT will work together to determine the final financial position as soon as possible.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	1 December 2017
REPORT TITLE	Treasury Management Policy and Strategy – Mid-Year Review
REPORT NUMBER	CG/17/127
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	Neil Stewart

1. PURPOSE OF REPORT:-

- 1.1 To update the Committee on Treasury Management activities undertaken to date during financial year 2017/18.

2. RECOMMENDATION(S)

- 2.1 That the Committee:-

- (a) Consider and note the Treasury Management activities undertaken in the 2017/18 financial year as detailed in this report.
- (b) Refer this report to Council with a recommendation to note the Treasury Management activities undertaken to date in the 2017/18 financial year.

3. BACKGROUND/MAIN ISSUES

Introduction

- 3.1 The Council approved a Treasury Management policy for the financial years of 2017/18 to 2019/20 on 16 February 2017. Part of this policy is to report a mid-year review to committee on Treasury Management activities undertaken during the financial year 2017/18.
- 3.2 Historically, the Council's annual programme of capital investment has been funded by Treasury Management activities, such as additional long term borrowing. It is a requirement of CIPFA "Code of Practice for Treasury Management in the Public Services" that Treasury Management is carried out in accordance with good professional practice, which this Council does.

Treasury Management 2017/18

3.3 The following is a summary of Treasury Management activities which have been undertaken thus far in 2017/18: -

3.3.1 Long Term Borrowing

No long-term borrowing has been undertaken so far in this financial year. A PWLB loan for £10m matured on the 15th May 2017. This loan has not been replaced.

3.3.2 There are no plans for any long term borrowing this year, due to funds remaining from last year's Bond Issuance. We will monitor this situation throughout the remaining part of the financial year. We remain open to the possibility of undertaking some longer-term borrowing in the next financial year, should market conditions be favourable.

3.3.3 Short Term Borrowing

Similarly, there is also no requirement for any short term borrowing this year, due to funds remaining from last year's Bond Issuance. We will monitor this situation throughout the remaining part of the financial year.

3.3.4 Investments

At the time of writing, the Council has c£240m of Temporary Investments, largely being the remaining proceeds from last year's Bond Issuance. These funds will continue to reduce over the next 6 months or so, as capital programme work progresses.

3.3.5 A review of the Council's Counterparty list was undertaken and this was approved by Committee on 9 March 2017. These changes were in line with recommendations by Capita, the Council's appointed Treasury Management advisors, and have provided additional options for the Council's investments.

3.3.6 Money Market Funds

Money Market Funds are AAA rated, short term pooled investment vehicles. They offer security, counterparty diversification and instant access to funds, when required.

3.3.7 The Council now has nine Money Market Fund accounts opened, each with a £50m limit. These Money Market Fund accounts have greatly assisted the Council in spreading its Counterparty risk and also improve short-term cashflow liquidity.

3.3.8 Credit Rating

On 22nd September, Moody's downgraded the UK's long-term issuer rating to Aa2 from Aa1 and improved the outlook from negative to stable. Following this, and in-line with the sovereign rating, Moody's downgraded the rating for Aberdeen City Council and improved the outlook to stable from negative.

3.3.9 As part of its annual review, Aberdeen City Council officers met with Moody's analysts on 13th October. There is a separate report on today's agenda covering the outcome of the annual review.

3.3.10 MIFID II

New changes to investment regulations come into force from January 2018, called the Markets in Financial Instruments Directive (MIFID II).

3.3.11 The most significant part of MIFID II requires the Council to change its status from a 'Retail' investor to a 'Professional' investor. As the Council qualifies for the 'Professional' category due to the frequency, value and complexity of its investments, there is no choice but to 'opt-up'. This change impacts positively on the classes of assets and instruments that can be used by the Council, but impacts slightly negatively on the level of investor protection offered.

4. FINANCIAL IMPLICATIONS

4.1 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.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Financial

6.1 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.

Other

6.2 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological, Legal and Reputational risks, and no risks were identified.

7. IMPACT SECTION

Economy

- 7.1 The strategy of using cost-effective short-term borrowing to help reduce the Council's financing costs demonstrates a pro-active approach, which will use the Council's resources more effectively.
- 7.2 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.

People

- 7.3 No direct impact arising from this report.

Place

- 7.4 No direct impact arising from this report.

Technology

- 7.5 No direct impact arising from this report.

8. BACKGROUND PAPERS

- 8.1 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. APPENDICES (if applicable)

- 9.1 There are no appendices to the report.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	1 December 2017
REPORT TITLE	Council Financial Performance – Quarter 2, 2017/18
REPORT NUMBER	CG/17/130
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	Lesley Fullerton

1. PURPOSE OF REPORT:-

1.1 To provide the financial position of the Council, as at Quarter 2 (July – September 2017) and the full year forecast position for the financial year 2017/18, including:

- General Fund and Housing Revenue Account (HRA) revenue and capital accounts and the associated Balance Sheet; and
- Common Good Revenue Account and Balance Sheet.

2. RECOMMENDATION(S)

2.1 It is recommended that Committee note the following:-

- a) General Fund and HRA financial performance as detailed in Appendix 1;
- b) Common Good financial performance as detailed in Appendix 3;
- c) General Fund forecast revenue position as detailed in Appendix 2;
- d) HRA forecast revenue position as detailed in Appendix 2;
- e) General Fund forecast capital position as detailed in Appendix 2;
- f) HRA forecast capital position as detailed in Appendix 2;
- g) Common Good forecast revenue position as detailed in Appendix 2; and
- h) Group Entities forecast revenue position as detailed in Appendix 4.

2.2 It is recommended that Committee approve the 2018/19 budget approach and timeline as detailed in Appendix 5.

2.3 It is recommended that Committee agree the following, further details of which are provided in Appendix 2:

2.3.1 General Fund Capital

- i) Withdrawal of project NHCP839 - Flood Prevention Measures: Inchgarth Road from the programme as a result of approval of the re-scoped works by Communities Housing and Infrastructure committee on 29 August 2017; and

- j) Bring project NHCP805 – Technology Investment Requirements & Digital Strategy to an early close due to it being superseded by the adoption of the new Digital approach by Strategic Transformation committee on 4 October 2017 and associated Transformation Fund.

2.3.2 Common Good

- k) Allocation of £4,875 funding to Aberdeen Street Pastors;
- l) Allocation of £7,000 funding to Friends of Victoria & Westburn Park; and
- m) Allocation of £75,000 funding for external cleaning costs of the Music Hall.

3. BACKGROUND/MAIN ISSUES

- 3.1 This is the second quarterly financial report for 2017/18, representing the next stage of a stepped change in the way the Council reports its financial position.
- 3.2 This report focuses on both the financial performance for the quarter July to September 2017 and the projected financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.3 Quarterly reporting will evolve throughout the year to incorporate further changes such that the ultimate aim of a faster year end closedown and the production of the unaudited annual accounts by the end of April 2018 can be achieved. This means the Council would have produced its annual accounts two months earlier than the statutory deadline.
- 3.4 The performance for the second quarter is a positive one with expenditure and income largely in line with budget for this stage of the year. Notwithstanding this there are cost and demand pressure areas which services are actively managing. Further information on this is contained within Appendices 1 and 2 to this report.
- 3.5 The financial statements contained within Appendix 1 reflect the income and expenditure for the quarter and start to reflect some of the statutory accounting adjustments required to ensure compliance with International Financial Reporting Standards (IFRS). These are detailed within the appendix and the application of such adjustments will evolve throughout the year with further adjustments being reflected in future quarterly reports.
- 3.6 The Balance Sheet figures at 30 September 2017 reflect the actual position at the balance sheet date where appropriate, the resultant figure including statutory adjustments where these have been made or where they haven't been made the figure at 31 March 2017 has been used. Reserves have been updated to reflect the impact of the performance to date such that usable reserves have increased during the period. This in part reflects that there is currently a net income position due to the timing of the receipt of income from the Scottish Government.
- 3.7 The forecast outturn position for the year reflected in Appendix 2 shows that the Housing Revenue Account is line with budget whilst General Fund revenue has a relatively small overspend of £1.1m (or 0.3% of net cost of services) resulting from a number of cost pressures which will be mitigated during the year through effective management of costs. In addition to this and as per normal practice,

to ensure the financial stability of the Council, the Head of Finance will work with Services, using his influence as appropriate and where necessary, to ensure the financial position of the Council is in line with the budget as agreed by Council.

- 3.8 Financial re-profiling of the General Fund capital programme has continued in Quarter 2 to update project profiles. This has had no impact on overall project costs.
- 3.9 The programme now includes the first phase of the City Region Deal project Transportation Links to Bay of Nigg, which will be fully funded by the City Region Deal.
- 3.10 As indicated in the report CHI/17/193 – Inchgarth Road Flood study to the Communities Housing and Infrastructure committee in August, this project has been reassessed and does not require civil engineering works. The project outcomes can be delivered within other approved budgets, and this project should now be withdrawn from the capital programme.
- 3.11 Similarly, the creation of the Transformation Fund by Council in August, and subsequent approval of the new Digital approach by Strategic Transformation committee in October have superseded the original aims of the Technology Investment Requirements & Digital Strategy project. The original project can be brought to an early close.
- 3.12 The capital programme governance arrangements approved by Audit, Risk and Scrutiny committee in August have been rolled out across the Council with the majority of training for programme sponsors, programme managers and project managers now complete.
- 3.13 The Housing capital programme is currently projected to be maintained within the funded level.
- 3.14 The Common Good as detailed in Appendix 2 is reflecting a small underspend against budget of £60k. There are adequate cash reserves following underspends in previous years to fund the three applications detailed at 2.2.3. All three applications above have been reviewed by Legal Services and meet the funding criteria required
- 3.15 The Group Entities forecast in Appendix 4 indicates that there are no material areas of concern in relation to these entities for 2017/18.
- 3.16 Appendix 5 sets out the approach to the 2018/19 budget including work undertaken to date and the approach and timeline for the remainder of the process until Council sets the 2018/19 budget at its meeting on 19 February 2018.

4. FINANCIAL IMPLICATIONS

- 4.1 The financial performance of the Council's main accounts, General Fund, Housing Revenue Account and Common Good for the second quarter, July – September 2017, of the financial year 2017/18 is reflected in Appendices 1 and 3 to this report.

- 4.2 The forecast full year financial position for these same accounts, both revenue and capital is provided in Appendix 2 to this report.
- 4.3 Appendix 1 also includes a Management Commentary providing:
- Further information on the Performance in Quarter 2; and
 - Further information on the 2017/18 Projected Financial Position, including details of the items for which there are specific recommendations above.
- 4.4 Following a positive financial performance in 2016/17, the Council started the financial year 2017/18 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.5 Services continue to manage increased demand within the current service delivery model and structure within which the Council operates and this requires continuous close fiscal management. Indeed services are examining all areas of spend with a view to avoiding expenditure except where absolutely necessary.
- 4.6 A small overspend of £1.1m against budget is currently forecast for the General Fund, 0.3% of the net service budget. This is in the context of a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year and a number of mitigating underspends and efficiencies that have been built into the forecasts. A short life working group has reviewed spend across a range of council wide areas including procurement, workforce, technology and service specific areas where there has been historic or current budget pressures, taking into consideration trends and benchmarking data where possible to inform options going forward. Initial work carried out by the group identified £5.8m of areas of expenditure were identified for challenge, of which £1.5m have been agreed for reduction of budget forecasts. The current position indicates that whilst there are challenges ahead, a number of further efficiencies are available to address these, which coupled with general restraint on spend means that a balanced position can be achieved.

5. LEGAL IMPLICATIONS

- 5.1 While there are no direct legal implications arising from the recommendations of this report, there are additional reporting requirements due to the London Stock Exchange listing and issue of bonds.

6. MANAGEMENT OF RISK

Financial

- 6.1 Every organisation has to manage the financial 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 and so financial risk related to this report is considered to be low.

- 6.2 The main financial risk that the Council is managing is the increased demand on services. This is being mitigated through reviewing all areas of expenditure with a view to only incurring expenditure that is absolutely essential.
- 6.3 In relation to capital projects there is a risk that following the procurement process, tendered costs will vary from that assumed at the time of project approval. This risk is mitigated through quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.

Other

- 6.2 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological and Legal risks, and no risks were identified.

Reputational

- 6.7 The reputational risks to the Council are minimised by the regular review of financial information by services, CMT and Elected members throughout the Financial Year

7. IMPACT SECTION

Economy

- 7.1 Investment in the city will have a positive impact on the economy.

People

- 7.4 Robust management of the council's finances will ensure that council services can continue to be provided.

Place

- 7.5 Investment will enhance the place by creating a better and more vibrant city in which to live.

Technology

- 7.6 There are no direct implications on technology arising from the recommendations of this report

8. BACKGROUND PAPERS

None

9. APPENDICES

Appendix 1 – Financial Statement for the quarter 1 July to 30 September 2017
Appendix 2 – Projected Financial Position for the year 2017/18
Appendix 3 – Common Good Financial Statement for the quarter 1 July to 30 September 2017
Appendix 4 – Group Entities Projected Financial Position for the year 2017/18
Appendix 5 – 2018/19 Budget Approach

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ABERDEEN
CITY COUNCIL

FINANCIAL STATEMENT
FOR THE QUARTER
1 JULY 2017 TO 30 SEPTEMBER 2017

Contents

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Management Commentary

The purpose of the management commentary is to inform readers, helping them to assess how the Council is performing and understand our financial performance for the quarter to 30 September 2017.

It also provides an insight into the expected financial performance for the remainder of the financial year 2017/18, the challenges we face and how we will address these challenges to provide stability, financially, thus allowing our citizens to have confidence that we can continue to provide the diverse portfolio of services on which they rely.

Background

During 2016/17, Aberdeen City Council became the first local authority in Scotland to be awarded a credit rating and subsequently secure funding towards its capital investment programme, by issuing bonds of £370 million on the London Stock Exchange (LSE).

The credit rating must be maintained over the term of the bonds with the credit rating agency conducting a review at least once every twelve months. The next review of the Council's credit rating has commenced and is due to report in November 2017.

The credit rating and LSE listing has brought a number of reporting and governance requirements on the Council which in turn has led to a move from monthly to quarterly financial reporting and a change in the focus and format of the reporting to provide a holistic view of the Council's financial position as would be expected by investors in an LSE listed organisation.

This is the second quarterly financial performance report for 2017/18, representing the next step in changing the way the Council reports, which not only meet the new requirements but also increases financial transparency for citizens of the City and beyond.

Our Financial Performance

• Performance in Quarter 2

In February 2017, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2017/18. Performance for the year is measured against these budgets with the projected full year position considered in a later section of this report. This section focuses on the actual financial results for the period 1 April to 30 September 2017, presented in the format of our Annual Accounts on pages 6 to 13.

The Expenditure and Funding Analysis provides details of the net expenditure or income position for each service based on actual transactions for the period and the statutory accounting adjustments processed to date.

1. Education and Children's Services is the largest service provider within Aberdeen City Council with responsibility for delivering key statutory and frontline services to children and young people, adults, families and communities of Aberdeen. This includes the delivery of early years, primary, secondary and special education, children's social work services and cultural services for all ages through the provision of libraries and museums.

At 52% against the full year budget, the services net expenditure for the year to date is in line with expectations. However, the Service is currently managing a number of cost pressures, including commissioning of fostering, out of authority placements for children and self directed support which may affect performance in future quarters. These are areas where decision making and control doesn't sit solely within the Service. A further pressure is the closure of the Art Gallery and Provost Skene House meaning a reduction in income received.

2. Communities, Housing and Infrastructure is responsible for a broad range of services to those who live, work, visit and invest in the City of Aberdeen, each day providing thousands of transactions such as school meals; waste collections; repairs to housing, roads, street lighting and other infrastructure; planning and building control applications; housing and homelessness applications and many more, maintaining standards within our streets and public open spaces, managing the Council's assets and providing facilities management to all of the Council's public buildings, schools and operational properties, providing protective services such as Environmental Health, Food Safety, Commercial Health and Safety, Public Analyst, Trading Standards and Community Safety and playing a major role in shaping the future of the City of Aberdeen via Planning and Sustainable Development and Economic Development services.

At 53% against the full year budget, the services net expenditure for the year to date is in line with expectations. However, the Service is currently managing pressures mainly in relation to potential income loss from the recharge of in house consultancy/design teams for work undertaken, housing support repairs, facilities costs and directorate staffing costs.

3. Integration Joint Board (IJB) / Adult Social Care is responsible for the provision of health and social care services to adults, with the expenditure incurred being on services which the IJB has directed the Council to deliver on its behalf such as the provision of care to the elderly and support to adults with support needs.

At 50% against the full year budget, net expenditure on these services for the year to date is in line with expectations. However, with demand led services there are invariably cost pressures which require to be managed and in particular there are pressures in relation to commissioned services, Kingsmead Nursing Home and services for those transitioning from children's services with support needs.

4. Corporate Governance is responsible for a number of front line services such as housing benefits, council tax and non domestic rates billing and collection and customer services. In addition it supports the Council through the provision of Finance, HR, Legal and IT services.

At 46% against the full year budget, the services net expenditure for the year to date is in line with expectations and like other services must manage any cost pressures which arise during the year.

5. Office of the Chief Executive is a relatively small service which includes the head of paid service (Chief Executive) as well as the provision of communications and promotions services for the Council.

At 65% against the full year budget, the services net expenditure for the year to date is currently ahead of expectations due to election expenditure earlier in the year. There are no major cost pressures facing the service at this time.

6. Corporate and Miscellaneous includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt.

Against the full year budget, net expenditure for the year to date is well ahead of expectations due to full year repayment of capital debt having been charged. There are no major variances expected against budget for these areas.

7. Housing Revenue Account is responsible for the provision of council housing to over 20,000 households with the most significant areas of expenditure being on repairs and maintenance and the servicing of debt incurred to fund capital investment in the housing stock. This is a ring fenced account such that its costs must be met by rental income which at this stage in the year exceeds expenditure incurred. This is as expected due to the ongoing receipt of rental income each month whilst costs are incurred at a slower pace.

8. Other Income and Expenditure includes interest payable and receivable, income and expenditure from trading operations (car parking, investment property and building services) and income received through council tax, non domestic rates and government grants. At this stage net income from trading services is in line with the full year budget whilst income from council tax, non domestic rates and government grants is ahead of budget largely due to the phasing of government grants.

The Comprehensive Income and Expenditure Statement incorporates the statutory accounting adjustments to provide the cost of providing services in accordance with International Financial Reporting Standards (IFRS) details of which are provided below.

The Balance Sheet is presented on an IFRS basis and shows the value of assets and liabilities recognised by the Council which are matched by reserves held. Notes on the amounts contained within the Balance Sheet are provided below.

2017/18 Projected Financial Position

• General Fund Revenue

Appendix 2 shows that a small overspend position of £1.1m against budget is currently forecast for the year, equating to 0.3% of the total net expenditure budgets. This is in the context of a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year. A short life working group has carried out a strategic review of spend across a range of council wide areas including procurement, workforce, technology and service specific areas where there has been historic or current budget pressures, taking into consideration trends and benchmarking data where possible to inform options going forward. Initial work carried out by the group indicates that whilst there are challenges ahead, £5.8m of areas of spend restraint are under consideration to address these which coupled with general restraint on spend means a balanced position can be achieved. Of that total, £1.5m has been agreed by services and are included in the reported Q2 forecast out-turn position. These options will continue to be considered over the remainder of the financial year. Further work is being undertaken by the group to explore cost drivers for high risk budgets and provide analysis and insight to support the 2018/19 budget process. Controls and process improvements are planned for introduction during 2017/18 including No PO, No Pay and additional controls on Establishment spending. Where appropriate, proposed options will be taken through the proper governance process including consultation with Elected Members and reporting to committee for formal decisions as necessary. Further information on the pressure areas is contained within Appendix 2.

• Housing Revenue Account

Appendix 2 shows that a balanced position against budget is forecast for the year with no major variances identified.

General Fund Capital

Appendix 2 provides an update on the capital programme for financial year 2017/18. This now includes key project indicators as well as financial details. Project managers have continued to refine projects' financial profiles throughout Quarter 2 which has resulted in a net decrease of £0.247 million in the forecast outturns for 2017/18. There is no impact on overall project costs across the approved 5 year capital programme as a result of this re-profiling.

One project has been added to the capital programme during Quarter 2; the first phase of the Transportation Links to Bay of Nigg project as approved and fully funded by the City Region Deal

Two projects have been identified which should be brought to an early close:

- The Flood Prevention Measures: Inchgarth Road project was reported to Communities Housing and Infrastructure committee on 29 August 2017. The report indicated that the project did not justify civil engineering works and it was agreed that outcomes could be delivered within other existing initiatives and budgets. As a result, this project can be withdrawn from the capital programme.
- The Council approved the creation of the new Transformation Fund at its meeting of 23 August 2017. The Strategic Transformation Committee on 4 October 2017 subsequently approved adoption of the new Digital strategy, which supersedes the capital project "Technology Investment Requirements and Digital Strategy" and its associated capital funding. This project can now be brought to an early close as the continuing and new digital initiatives will be funded by the Transformation Fund.

The Audit, Risk & Scrutiny Committee on 27 June 2017 considered a report "Review of the Capital Programme Governance" which highlighted a number of changes and actions required to enhance governance which requires suitable resources to be

in place including a requirement for specific project management expertise and similar resources to supplement internal resources. Training for programme sponsors, programme managers and project managers is now substantially complete.

The capital programme is funded through a number of project specific grants and contributions, general government grant, capital receipts and borrowing.

- **Housing Capital**

Appendix 2 shows that the forecast outturn is on budget with work ongoing to ensure that expenditure remains within the funded programme as set by Council in February 2017.

- **Common Good**

Appendix 2 provides the budget and current forecast outturn. A number of funding requests have come forward as follows:

- Aberdeen Street Pastors – a contribution of £4,875 is requested for operating the Safe Space Vehicle, training and uniforms for volunteers;
- Friends of Victoria & Westburn Park – a contribution of £7,000 is requested to fund a study on works required to the Victoria Park fountain;
- Music Hall – a contribution £75,000 is requested to fund an external deep clean of the Music Hall.

Conclusion

This is the second quarterly financial performance report being presented to Elected Members for consideration of the financial year 2017/18. This report aims to meet the new reporting requirements from this as well as enhancing financial transparency by providing more information and by providing it in a manner consistent with the Council's Annual Accounts. As the financial year progresses, further developments will be made and reflected in the quarterly reports

Movement in Reserves Statement

This statement shows the movement on the different reserves held by the Council analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other reserves.

	General Fund	Housing Revenue Account	Statutory and Other Reserves	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017 brought forward	(50,476)	(11,308)	(25,606)	(87,391)	(1,405,585)	(1,492,976)
Movement in Reserves during 2017/18						
Total Comprehensive Income & Expenditure	(67,058)	(26,132)	0	(93,189)	(19,405)	(112,594)
Adjustments between accounting basis & funding basis under regulations	10,141	23,393	0	33,534	(33,534)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(56,917)	(2,739)	0	(59,656)	(52,938)	(112,594)
Transfers to/from Earmarked Reserves	(5,039)	2,739	(5,849)	(8,150)	8,150	(0)
(Increase)/Decrease in Year	(61,956)	0	(5,849)	(67,805)	(44,789)	(112,594)
Balance at 30 September 2017	(112,432)	(11,308)	(31,455)	(155,196)	(1,450,374)	(1,605,570)

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the net expenditure or income is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Services	Quarter 2, 2017/18			Notes
	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES	
	£'000	£'000	£'000	
Education & Childrens Services	115,719	(9,563)	106,156	1
Communities, Housing & Infrastructure	46,533	0	46,533	2
Integrated Joint Board/Adult Social Care	41,526	0	41,526	3
Corporate Governance	14,691	0	14,691	4
Housing Benefits	(818)	0	(818)	4
Office of the Chief Executive	2,167	0	2,167	5
Corporate & Miscellaneous	12,182	(1,693)	10,490	6
Net Cost of General Fund Services	232,001	(11,255)	220,745	
Housing Revenue Account	(2,364)	(23,539)	(25,903)	7
Net Cost of Services	229,637	(34,795)	194,842	
Other Income and Expenditure	(278,037)	(9,994)	(288,031)	8
(Surplus) or Deficit on Provision of Services	(48,401)	(44,789)	(93,189)	
Opening General Fund and HRA Balance at 31 March 2017	(61,785)			
(Surplus)/deficit on General Fund and HRA Balance in Year	(48,401)			
To/From Other Statutory Reserves	(13,555)			
Closing General Fund and HRA Balance at 30 September 2017	(123,740)			

Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £9.6m accounting adjustment is the removal of unitary charge costs for the 3R's schools which for accounting purposes is required to be split into its component parts, payment for services; repayment of capital; and financing costs.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £1.6m accounting adjustment is the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account.

7. See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £23.5m adjustment is the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account.
8. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The £9.9m adjustment comprises two elements:
 - £6.9m is the element of reallocation of the 3R's unitary charge as per note 1 above which relates to financing costs which flows into the Financing and Investment Income and Expenditure line in the CIES below; and
 - £16.9m is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS).

Services	Quarter 2, 2017/18			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Education & Childrens Services	111,931	(5,775)	106,156	
Communities, Housing & Infrastructure	73,186	(26,653)	46,533	
Integrated Joint Board/Social Work	65,790	(24,263)	41,527	
Corporate Governance	19,901	(5,210)	14,691	
Housing Benefits	27,479	(28,297)	(818)	
Corporate & Miscellaneous	10,629	(139)	10,490	
Office of the Chief Executive	2,885	(718)	2,167	
Cost of General Fund Services	311,801	(91,055)	220,746	
Housing Revenue Account	23,672	(49,575)	(25,903)	
Cost of Services	335,473	(140,630)	194,843	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	28,449	(20,603)	7,846	2
Taxation and Non Specific Grant Income	0	(295,878)	(295,878)	
(Surplus) or Deficit on Provision of Services	363,922	(457,111)	(93,189)	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	3
Impairment losses on non current assets charged to the Revaluation Reserve			0	3
(Surplus)/deficit on revaluation of available for sale financial assets			0	3
Actuarial (gains)/losses on pension losses/liabilities			0	3
Other (gains)/losses			(19,405)	3
Other Comprehensive Income and Expenditure			(19,405)	
Total Comprehensive Income and Expenditure			(112,594)	

Notes

1. This line will be used to reflect gains or losses on the disposal of assets which take place during the year.
2. This largely reflects interest payable and receivable.
3. These lines are predominantly used for statutory adjustments.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council.

31 March 2017		30 September	Note
£'000		2017	
£'000		£'000	
2,238,305	Property, Plant & Equipment	2,340,367	1
172,756	Heritage Assets	172,756	1
85,335	Investment Property	85,335	1
18,656	Long Term Investments	18,656	2
7,311	Long Term Debtors	7,503	3
2,522,363	Long Term Assets	2,624,617	
181,145	Cash and Cash Equivalents	120,912	4
141,227	Short Term Investments	122,696	5
78,679	Short Term Debtors	76,222	6
1,645	Inventories	8,581	7
5,382	Assets Held for Sale	5,382	8
408,078	Current Assets	333,793	
(81,351)	Short Term Borrowing	(29,968)	9
(90,364)	Short Term Creditors	(57,963)	10
(4,233)	Short Term Provisions	(4,372)	11
(2,611)	PPP Short Term Liabilities	(3,222)	12
(5,515)	Accumulated Absences Account	(5,515)	13
(473)	Grants Receipts in Advance - Revenue	(221)	14
(518)	Grants Receipts in Advance - Capital	(6,700)	14
(185,065)	Current Liabilities	(107,961)	
(900,874)	Long Term Borrowing	(897,253)	15
(108)	Long Term Creditors	(108)	16
(679)	Long Term Provisions	0	11
(100,973)	PPP Long Term Liabilities	(97,751)	12
(249,767)	Pension Liabilities	(249,767)	17
(1,252,401)	Long Term Liabilities	(1,244,879)	
1,492,975	Net Assets	1,605,570	
	Usable Reserves:		
(50,476)	General Fund Balance	(112,432)	18
(11,308)	Housing Revenue Account	(11,308)	18
(25,606)	Statutory and Other Reserves	(31,455)	18
(1,405,585)	Unusable Reserves	(1,450,375)	19
(1,492,975)	Total Reserves	(1,605,570)	

Balance Sheet Notes

1. Depreciation is calculated annually and therefore no depreciation has been applied in Quarter 2. Capital expenditure to the end of Quarter 2 totaling £102.061m has been applied to Property, Plant & Equipment (this includes £82.42m of general fund expenditure and £19.641m of HRA expenditure). Disposals, revaluations and transfers have not been accounted for in Quarter 2.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Villiage and the Integration Joint Board. These will be revalued and updated in Quarter 4.
3. Long term debtors reflects the movement based on transactions for the period.
4. Cash and cash equivalents have been adjusted for short term investments of £110.104m (those investments classed as cash equivalents because they can be called up at short notice i.e. 0 to 30 days) and developers contributions of £18.394m. See the cash flow statement for an analysis of how this is used.
5. Short term investments have been adjusted as described in note 4.
6. Short term debtors reflects the movement based on transactions for the period.
7. Inventories are adjusted at year end for inter-related balances. This adjustment has not been made in Quarter 2 but will be included in future quarters.
8. Assets held for sale will be reviewed in Quarter 4.
9. Short term borrowing reflects the current position based on transactions for the period.
10. Short term creditors reflects the current position based on transactions for the period.
11. Short term provisions reflects the current position with no adjustment to split this total into long and short term provisions. This split will be reflected in future quarters.
12. PPP short term liabilities has been adjusted to reflect the outstanding position at March 2018.
13. The accumulated absences account is reviewed annually and will therefore be updated in Quarter 4.
14. The grants received in advance totals reflect the position at the end of Quarter 2.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Long term creditors reflects the current position based on transactions for the period.
17. Pension liabilities are reviewed annually and will therefore be updated in Quarter 4.
18. Usable reserves reflects the current position based on the transactions for the period.
19. Unusable reserves have been for statutory accounting adjustments as detailed above.

Contingent Liabilities

In addition to amounts recognised on the Balance Sheet, the Council was aware of the following contingent liabilities at 31 March 2017 and formally recognised within the 2016/17 Annual Accounts:

- **Aberdeen Science Centre (formerly Satrosphere)**

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £128,923 in support of an overdraft facility and card transactions until 31 March 2018.

○ **Transition Extreme Sports Ltd**

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a loan of £37,139 and a maximum overdraft facility of £250,000 as well as a guarantee of £237,215 to Social Investment Scotland in respect of an 11 year loan which is due to be repaid by June 2025.

○ **Landfill Sites**

The Council is responsible under environmental legislation for the ongoing monitoring, maintenance and ultimately capping and re-instatement of 3 closed landfill sites. The costs associated with two of these sites, Ness and Hill of Tramaud, have been accounted for through a mix of revenue and capital funding.

The third site at Mill of Dyce was previously operated by the Council under a lease. The Council purchased the site in 2012/13, and following an assessment of the environmental monitoring and reinstatement requirements works were carried out in 2014. The works are now complete with no further activity planned for the site.

○ **Waste Disposal**

The Council has a long term contract with an external contractor for the disposal of all relevant waste arising in the City and the operation and maintenance of waste transfer stations, recycling facilities and landfill sites. The contract commenced in September 2000 and is due to run for 25 years.

○ **Landfill Allowance Scheme (LAS)**

The Scottish Government had previously introduced a scheme under which Local Authorities were to be penalised for exceeding landfill tonnage targets. The penalties have never been imposed and it is expected that the regulations will be repealed in due course. However, until such a repeal is formalised there remains a potential liability on the Council.

○ **External Organisations - Guarantor in relation to North East Scotland Pension Fund (NESPF)**

As the administering authority, the Council may admit a body to the Pension Fund as an 'admitted body' provided (i) the organisation can confirm they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest; and (ii) the Scheme employer is prepared to act as guarantor in the event the admitted body should cease to exist. If this situation was to occur and staff made redundant the staff over 50 years old would become entitled to immediate payment of their pension benefits. The Council has agreed a number of such guarantees to organisations that include Aberdeen Sports Village, Sport Aberdeen, Aberdeen Performing Arts, Aberdeen International Youth Festival, Aberdeen Heat and Power, Bon Accord Support Services and Bon Accord Care Ltd. The potential values guaranteed are subject to a range of actuarial assumptions.

○ **Sport Aberdeen**

The Council agreed to provide a bank guarantee to Sport Aberdeen to a maximum of £5 million over a 5 year period for investment in Council leisure facilities, as approved at the 7 June 2016 Finance, Policy and Resources Committee. There is currently a guarantee being drawn up for an RCF facility for £1.4 million for Sport Aberdeen.

○ **SEEMIS Group LLP**

The Council has agreed to fund any additional pension liability payments arising from its membership of the SEEMIS organisation (the provider of our schools' Management Information System). To date there has been no call on the guarantee.

○ **Scottish Child Abuse Enquiry**

The Scottish Child Abuse Enquiry is a national enquiry which was set up on 1 October 2015. The Council recognises a potential liability in respect of claims from this enquiry, but is not aware of any specific claims at this time.

Cash Flow Statement

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Quarter 2 2017/18 £'000
Net Surplus or (Deficit) on the provision of services	93,190
Adjust net surplus or deficit on the provision of services for non cash movements	(12,278)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(16,258)
Net cash flows from Operating Activities	64,654
Net cash flows from Investing Activities	(67,273)
Net cash flows from Financing Activities	(57,614)
Net increase or decrease in cash and cash equivalents	(60,233)
Cash and cash equivalents at the beginning of the reporting period	181,145
Cash and cash equivalents at the end of the reporting period	120,912
Cash held by the Authority	47
Bank current accounts	120,865
	120,912



ABERDEEN
CITY COUNCIL

**PROJECTED FINANCIAL POSITION
FOR THE YEAR 2017/18**

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GENERAL FUND REVENUE

As at 30 September 2017	Full Year Budget 2017/2018	Forecast Outturn 2017/2018 Quarter 2	Variance from Budget		Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
			£'000	%			
Education & Children's Services	222,544	223,250	706	0.3	0	706	1
Communities Housing & Infrastructure	87,166	87,581	416	0.5	0	416	2
Integration Joint Board / Adult Social Care	83,308	83,308	0	0.0	0	0	3
Corporate Governance	27,689	27,612	(77)	(0.3)	(15)	(62)	4
Housing Benefits	2,153	2,153	0	0.0	0	0	5
Office Of Chief Executive	3,354	3,305	(49)	(1.5)	(3)	(46)	6
Total Service Budget	426,213	427,209	996	(1)	(18)	1,014	
Contingencies	(20,654)	(20,654)	0	0.0	0	0	7
Council Expenses	2,860	2,625	(235)	(8.2)	(68)	(167)	8
Joint Boards	1,645	1,645	0	0.0	0	0	9
Miscellaneous Services	36,227	36,517	289	0.1	292	(3)	10
Trading Services	(10,380)	(10,334)	46	(0.4)	203	(157)	11
Total Corporate Budgets	9,698	9,798	100	(9)	427	(327)	
Non Domestic Rates	(205,547)	(205,547)	0	0.0	0	0	12
General Revenue Grant	(118,601)	(118,601)	0	0.0	0	0	13
Government Support	(324,148)	(324,148)	0	0	0	0	
Council Tax	(111,763)	(111,763)	0	0.0	0	0	14
Local Taxation	(111,763)	(111,763)	0	0	0	0	
General Fund Deficit/(Surplus)	0	1,097	1,097		409	688	

Notes

It should be noted that the full year budgets reflected above differ from those set by Council in February 2017 for a number of reasons. This is normal practice during the year as variances are identified. The main changes in services relate to the allocation of procurement and voluntary severance staff establishment budget savings which were held within contingencies at the time the budget was set.

There are a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year. A short life working group has been set up to carry out a strategic review of spend across a range of areas including those detailed below. Initial work carried out by the group indicates that whilst there are challenges ahead, a number of options are available to address these such that a balanced position can be achieved.

1. The main areas of pressure within Education & Children's Services are:

- Foster care costs (£1.3m) have risen due to the inability to recruit within the city, a national problem, with a high number of placements now being provided by external agencies that charge higher fees as part of a national contract;
- There is pressure of rising client numbers on Self Directed Support packages (£0.5m) for children with complex support needs;
- In respect of Out of Authority placements there is continued pressure of cost increases per package, Sheriff Court, Children's Hearing and Education Tribunal placement decisions, and the need to safely manage child protection risks (£1.6m); and
- The closure of the Art Gallery and Provost Skene House means that income targets are not achievable (£0.3m).

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

2. The main areas of pressure within Communities, Housing & Infrastructure are:

- Construction Consultancy/Design Team income is subject to the risk of any delays in the capital programme or decisions not to under take work in house, additional costs for Henry Rae for which there is no income, and reflects the assumption that schools will be taken to the design stage (£0.9m);
- Housing Support due to the increased costs of repairs and arrears in Private Sector Leased accommodation (£0.4m);
- Facilities as a result of rates for Balgownie 1, for which there is no budget, and lower rental income than expected from IJB (£0.4m); and
- Directorate Support additional staffing costs (£0.5m).

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

3. The main areas of pressure within Integration Joint Board/Adult Social Care are:

- Commissioned care packages transitioning from Children's services due to an increase in both number and cost of packages and more clients transition with increased medical needs;
- Additional costs of running Kingsmead Nursing home and associated capital costs if it is purchased; and
- Increased demographic demand for commissioned services across all client groups and continued price inflation as anomalies in the pricing structure are fixed or providers withdraw from services and a premium has to be paid at short notice to a new provider.

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

4. There are no material areas of pressure within Corporate Governance.

5. Housing Benefits is demand led which can lead to cost pressures which in the main are offset by additional income from the DWP.

6. There are no material areas of pressure within the Office of the Chief Executive.

7. The Contingencies budget has been adjusted from that set at Council in February due to the allocation of procurement and voluntary savings.. The budget includes savings from vacant staff posts which is currently forecast to be achieved. Consideration is being given to approaching the Scottish Government for consent to borrow to fund the costs of the Voluntary Severance/Early Retirement (VSER) scheme.

8. There are no material areas of pressure within Council Expenses.

9. The Joint Boards budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board.

10. The main area of pressure within Miscellaneous Services is around interest receivable due to the lower level of cash balances held, and consultancy costs (£250k).

11. The main area of pressure within Trading Services relates to the staff costs within Car Parking (£120k), commission costs (£74k) for ticket sales, and central support charges (£23k).

12. The Non Domestic Rates figure is set by the Scottish Government as part of its overall funding support package rather than the amount billed and receivable by the Council. Following the revaluation of rateable values, two relief schemes have been put in

place – a national transitional relief scheme and a localised relief scheme. At this time there have been 307 applications to the national scheme, with a value of £3.6m which will be met by the Scottish Government. There have been 552 applications to the local scheme, with a value of £1.5m which will have to be met by the Council and thus an underspend of £2m against the budget for the local scheme is currently forecast.

13. The General Revenue Grant is set by the Scottish Government as part of its funding support package. This may change during the year as the government announces funding redeterminations.

14. The Council Tax budget has been adjusted downwards by £2m from that set at Council in February to reflect revised assumptions on the level and banding of new properties which will become chargeable, taking account of the actual position at the 2016/17 year end. The short life working group previously referred to will consider means by which to mitigate against this variance.

HOUSING REVENUE ACCOUNT

As at 30 September 2017	Full Year Budget 2017/2018		Forecast Outturn 2017/2018 Quarter 2		Variance from Budget	Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
	£'000	£'000	£'000	%				
Housing Revenue Account	(500)	(572)	(72)	14.5		(500)	(72)	1

Notes

The main variances in forecast outturn against budget are:

- an overspend on repairs and maintenance £1m;
- under recovery of income from housing £900k;
- an overspend in voids of £213k; and
- an underspend in capital financing costs of £1.9m.

GENERAL FUND CAPITAL PROGRAMME

The presentation of the General Fund Capital Programme has been updated to reflect the Programme Board structure approved by Audit, Risk & Scrutiny committee in June 2017. The new dashboard style incorporates key project and financial indicators with notes for those with a red status shown below.

As at Period 6 2017/18						Gross Figures for 2017/18		
AECC Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
New AECC: ACC project share	→	G	G	G	A	130,110	53,655	142,008
New AECC: Anaerobic Digestion Plant	→	G	G	A	A	4,000	0	0
						134,110	53,655	142,008

As at Period 6 2017/18						Gross Figures for 2017/18		
Asset Management Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
New Brimmond School	↗	G	G	G	G	0	(15)	(43)
Orchard Brae (New ASN School - previously Raeden Centre project)	→	G	G	G	G	3,367	2,698	3,444
New Academy to the South - ICT Infrastructure	→	G	G	G	G	0	0	0
New Academy to the South - Infrastructure Improvements	→	G	G	G	G	0	44	70
New Milltimber Primary	→	A	A	G	A	0	0	0
Social Care Facilities: Len Ironside Centre	→	G	G	G	G	287	127	150
Kingsfield Childrens Home	→	A	G	G	A	1,550	0	420
TNRP - Investment in Advance Factory Units	→	A	G	G	A	1,289	0	30
Greenbrae Primary Extension and Internal Works	→	A	G	G	A	495	3	495
Stoneywood Primary	↘	R	A	R	G	11,933	4,030	10,461
Dyce 3G Pitch	→	G	G	G	G	31	0	10
Refurbish Throughcare Facility - 311 Clifton Road	→	G	G	G	G	42	2	42
Street Lighting LED Lanterns (PACE programme)	→	G	G	G	G	1,659	111	1,500
Flood Prevention Measures: Flood Guards Grant Scheme	→	G	G	G	G	191	2	10
Flood Prevention Measures: Riverside Drive at Bridge of Dee Court	→	G	G	G	G	500	196	300
Flood Prevention Measures: Millside & Paddock Peterculter	→	G	G	G	G	0	0	0
Flood Prevention Measures: Inchgarth Road	↘	R	G	G	G	0	0	0
Tillydrone Primary School	→	A	A	G	G	2,871	12	250
Torry Primary School and Hub	→	A	A	G	G	2,983	9	250
Northfield / Cummings Park Early Learning & Childcare Provision	→	A	A	G	A	500	0	0
Kingsmead Nursing Home Acquisition	→	G	G	G	G	tbc	0	tbc
						27,698	7,218	17,389

As at Period 6 2017/18						Gross Figures for 2017/18		
Asset Management Programme Board Rolling Programmes						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Corp Property Condition & Suitability Programme	→	A	G	A	A	10,828	2,521	8,672
Cycling Walking Safer Streets Grant	→	G	G	G	G	316	484	339
Fleet Replacement Programme (including Zero Waste Strategy Fleet)	→	G	G	G	G	3,534	86	2,979
Planned Renewal & Replacement of Road Infrastructure	→	G	A	A	A	5,601	2,267	5,115
Planned Renewal & Replacement of Road Infrastructure (Street Lighting)	→	G	A	A	A	473	322	473
						20,752	5,680	17,578
As at Period 6 2017/18						Gross Figures for 2017/18		
City Centre Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Art Gallery Redevelopment - Aberdeen Treasure Hub	→	G	G	G	G	3	0	0
Art Gallery Redevelopment - Main Contract (HLF)	→	R	R	R	G	10,983	4,830	8,983
Music Hall	→	G	G	G	G	0	770	0
City Centre Masterplan	↘	A	G	G	G	8,269	1,094	2,038
Provost Skene House Refurbishment	→	R	R	R	G	1,413	21	650
Broad Street	↘	A	A	A	G	2,343	535	2,143
Union Street - Conservation Area Regeneration Scheme	→	G	G	G	G	338	0	338
						23,348	7,250	14,152
As at Period 6 2017/18						Gross Figures for 2017/18		
Energy Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Hydrogen Buses	→	G	G	G	G	5	0	0
Waste: Energy from Waste (EfW) Procurement & Land Acquisition	↘	A	G	G	G	5,200	277	3,944
Waste: Investment in Waste Collection	→	G	G	G	R	1,603	781	1,603
Waste: Refused Derived Fuel Plant	↘	A	A	G	A	480	489	474
Waste: Co-Mingled MRF & Depot	↘	A	A	G	A	956	871	716
Waste: Bridge of Don HWRC	↘	G	A	G	A	0	0	0
Energy from Waste (EfW) Construction & Torry Heat Network	↘	A	G	G	G	436	0	456
Aberdeen City Hydrogen Energy Storage (ACHES)	↗	G	G	G	G	0	(52)	(52)
JIVE (Hydrogen Buses Phase 2)	→	G	G	G	G	0	0	0
						8,680	2,366	7,141

As at Period 6 2017/18 Housing and Communities Programme Board						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Tillydrone Community Hub	↗	G	G	G	G	4,773	29	812
SIP New Build Housing Programme	→	A	G	G	A	541	172	541
Middlefield Project Relocation / Henry Rae Community Centre Extension	→	G	G	G	G	28	(162)	(95)
Station House Media Unit Extension	↗	G	G	G	G	1,064	1	750
New Cruyff Court	→	G	G	G	G	25	0	0
Community Growing Spaces	→	G	G	G	G	145	0	80
						6,576	40	2,088

As at Period 6 2017/18 Housing and Communities Programme Board Rolling Programmes						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Private Sector Housing Grant	→	G	G	G	G	700	0	700
						700	0	700

As at Period 6 2017/18 Transportation Programme Board						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Access From the North / 3rd Don Crossing	→	A	R	A	A	2,478	841	1,146
Western Peripheral Route	→	G	G	G	G	15,858	1,334	4,132
Strategic Land Acquisition	→	G	G	G	G	848	459	1,922
CATI: South College Street	→	G	G	G	A	382	22	50
CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	↘	R	A	A	R	4,101	241	685
A96 Park & Choose / Dyce Drive Link Road	↘	A	A	G	A	1,815	785	1,775
Sustrans Active Travel Infrastructure Fund	→	G	G	G	A	1,194	293	643
						26,676	3,975	10,353

As at Period 6 2017/18 Transportation Programme Board Rolling Programmes						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Nestrans - Capital Works	→	A	A	G	G	0	588	0
Nestrans - Capital Grant	→	G	G	G	G	2,111	283	1,000
						2,111	871	1,000

As at Period 6 2017/18						Gross Figures for 2017/18		
Strategic Asset & Capital Plan Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Data Centre Transition & Infrastructure Transformation	→	G	G	G	G	218	93	102
City Broadband (Accelerate Aberdeen)	→	G	G	G	G	360	0	360
Technology Investment Requirements & Digital Strategy	↘	R	G	G	G	1,184	629	927
City Deal	→	G	G	G	G	44	0	10
City Deal: Strategic Transport Appraisal	→	G	G	G	G	585	82	82
City Deal: Aberdeen Harbour Expansion Project	→	G	G	G	G	1,500	0	1,500
City Deal: Digital Infrastructure	→	G	G	G	G	1,750	0	0
City Deal: City Duct Network	↘	A	A	G	G	2,000	0	350
City Deal: Transportation Links to Bay of Nigg	→	G	G	G	G	100	1	100
Construction Inflation (unassigned)	→	G	G	G	G	957	0	0
						8,698	805	3,431

Key	Status
Project Status is Improving	↗
Project Status is Stable	→
Project Status is Deteriorating	↘

The presentation of the General Fund Capital Programme has been updated to reflect the Programme Board structure approved by Audit, Risk & Scrutiny committee in June 2017. The new dashboard style incorporates key project and financial indicators.

It should be noted that some projects in the 5 year programme are currently profiled for later financial years, so do not quote a budget amount for 2017/18. These projects are included to provide a complete overview of projects in the approved programme and to ensure they are not omitted from the regular programme reviews.

The Programme Management Office has undertaken reviews of the cultural, transport and environmental projects within the capital programme and additional project management resources are to be made available to increase the level of assurance on projects to senior management.

The programme has been extended since Quarter 1 to include the City Deal: Transportation Links to bay of Nigg project (funded in full from the Aberdeen City Region Deal).

Notes on projects with Red indicators:

Projects which are to be brought to an early close:

- As reported to the Communities Housing & Infrastructure committee in August, the Flood Prevention Measures: Inchgarth Road project does not require civil engineering works and the project can be withdrawn from the programme.
- Following the Strategic Transformation Committee in early October, the original Digital Strategy is to be superseded by the new Digital Transformation Programme. Any unspent capital budgets for the original programme are to be returned to the corporate core.

Projects where officers are responding to delivery challenges:

- The contractor for Stonewood Primary has formally submitted an extension of time claim, which is currently in dispute by the project manager.

- The recent departure of two senior members of Waste Services staff and difficulties in retaining operational staff means the resourcing of the final months of the Waste: Investment in Waste Collection is proving challenging. The service is assessing the requirements of completing the project.
- The timeline for the Berryden corridor is under review, and due to be completed by the end of 2017. The departure of one of the Council's Estates Surveyors will mean a reassessment of resourcing negotiations for some voluntary property acquisitions is required.

Projects under officer assessment for potential contractual dispute:

- An extension of time claim has been received from the contractor for the Art Gallery refurbishment, and officers are considering the validity of the claim. Additional project management resources have been appointed to support the final project stages and evaluate the impact of contractor claims on final valuation. A separate report on this project is included on the agenda for consideration by this committee (Finance, Policy & Resources, 1 December 2017). Any changes to the project arising from this separate report will be reflected in the Council Financial Performance – Quarter 3, 2017/18 report
- Part 1 claims under the Land Compensation Claim Act 1973, and Noise Insulation (Scotland) regulations (1975) are now being received, assessed and processed for the 3rd Don Crossing project in compliance with the processes for the creation of new roads infrastructure. Information is also being gathered for the project review and consideration of any potential legal action by the Council.

Projects to be re-scoped:

- A new project manager has been appointed under delegated powers approved at full Council in August for the Provost Skene House project. The project is currently being re-scoped to ensure it delivers outcomes in line with the City Centre Masterplan and integrated cultural ambitions of the Council.

HOUSING CAPITAL PROGRAMME

Communities Housing & Infrastructure Housing Programmes Quarter 2	Approved	Expenditure	Forecast	Budget	
	Budget	to date	Expenditure	Pr	Cu
	£'000	£'000	£'000		
Compliant with the tolerable standard	95	221	217	G	G
Free from Serious Disrepair	20,612	5,991	13,953	G	G
Energy Efficient	7,687	3,832	7,102	G	G
Modern Facilities & Services	3,140	1,020	1,854	G	G
Healthy, Safe & Secure	3,648	1,592	3,882	G	G
Non Scottish Housing Quality Standards	26,738	6,739	21,431	G	G
	62,154	19,640	48,439		

The approved budget shown above reflects the gross capital programme. However, it is important to note that the budget set in February 2017 assumes that a level of slippage will occur across projects such that the net or funded programme is £55.318m. Forecast expenditure is currently £48.439m, a variance of £6.879m against the funded programme, with the main variance being Free from Serious Disrepair as a result of delays in the over cladding and fabric repairs due to owner consultation on various properties. The current forecast is based on spend to date on current contracts and previous years spend. It should be noted that there is a number of virement requiring approval which will be going to the next capital board.

COMMON GOOD

As at September 2017	Full Year Budget 2017/18	Forecast Outturn 2017/18	Variance from Budget	Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
	£'000	£'000	£'000	£'000	£'000	
Recurring Expenditure	2,783	2,648	(135)	2,741	(93)	1 & 2
Recurring Income	(3,428)	(3,428)	0	(3,428)	(0)	
Budget After Recurring Items	(645)	(780)	(135)	(687)	(93)	
Non Recurring Expenditure	421	497	76	421	76	3
Non Recurring Income	0	0	0	0	0	
Net Income	(224)	(283)	(59)	(266)	(17)	
Amounts required for increase in cash balances in line with inflation	(168)	(168)				
Revised Net income	(56)	(115)				
Cash Balances as at 1 April 2017	(22,001)	(22,001)				
Estimated Cash Balances as at 31 March 2018	(22,225)	(22,284)				
Minimum cash balance requirement per budget report (Council February 2015)	(18,808)	(18,808)				

Notes

1. It is anticipated that the Twinning budget will be underspent due to a staff vacancy whilst based on the previous year and information to date it is expected that service support charges will be lower than budgeted.
2. Civic Support now expect to make savings in staff costs due to a member of staff taking VS/ER
3. Expenditure for Freedom of the City and Celebrate Aberdeen, approved by Council 23 August 2017
4. Further Applications for expenditure pending:
 - Aberdeen Street Pastors - £4,875 for operating costs of the Safe Space Vehicle and training and uniforms for new volunteers;
 - Friends of Victoria & Westburn Park - £7,000 to be used for the costs of a scoping study to determine what repairs and renovation need to be done to the Victoria Park fountain; and
 - An external deep clean of the Music Hall building following renovation - £75,000 (excl VAT).



ABERDEEN
CITY COUNCIL

**COMMON GOOD
FINANCIAL STATEMENT
FOR THE QUARTER
1 JULY 2017 TO 30 SEPTEMBER 2017**

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Common Good

The Common Good stands separate from other accounts and funds of the Council, and could be said to originate in the grant of freedom lands by King Robert the Bruce in 1319. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land and buildings, such as industrial estates and farms, with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

Movement in Reserves Statement

	Common Good Fund	Reserves Fund	Total Common Good
	£'000	£'000	£'000
Balance at 31 March 2017	(111,107)	(68)	(111,175)
Movement in Reserves during 2017/18			
(Surplus) or Deficit on provision of services	(631)	0	(631)
Total Comprehensive Expenditure and Income	(631)	0	(631)
Balance at 30 September 2017	(111,738)	(68)	(111,806)

Comprehensive Income and Expenditure Statement

	Quarter 2, 2017/18			Notes
	Gross Expenditure	Gross Income	Net (Income) Expenditure	
	£'000	£'000	£'000	
Administration Costs	10		10	
Donations, Grants, Contributions etc.	218		218	
Civic Hospitality	67		67	
Civic Expenditure			0	
Funding of International Budget	22		22	
Christmas Illuminations & Festivities	70		70	
Civic Administration Unit	93		93	
Other Projects	34		34	
Miscellaneous Expenditure	1		1	
Youth Activity Funding	0		0	
Specific Projects	181		181	
Duthie Park HLF	96		96	
Cost Of Services	792	0	792	1
Other Operating Expenditure			0	2
Financing and Investment Income and Expenditure			(1,424)	3
(Surplus) or Deficit on Provision of Services			(631)	
(Surplus) or Deficit on revaluation of investment property			0	4
Total Comprehensive Income and Expenditure			(631)	

Notes

1. This is project expenditure to September 2017. It should be noted that historically many transactions have been undertaken at year end. A future phase of quarterly reporting will include moving such transactions to a quarterly basis.
2. This line will be used to reflect any gains or losses on the disposal of assets which take place during the year.
3. This reflects income receivable from investment properties net of associated expenditure.
4. The revaluation of investment property will be undertaken in Quarter 4.

Balance Sheet

31 March 2017 £'000			30 September 2017 £'000	Notes
89,046		Investment Property	89,046	1
89,046		Long Term Assets	89,046	
21,918		Investments in Aberdeen City Council Loans Fund	22,599	2
61		Investment Property Held for Sale	61	3
472		Short Term Debtors	376	4
22,451		Current Assets	23,037	
(322)		Short Term Creditors	(277)	5
(322)		Current Liabilities	(277)	
111,175		Net Assets	111,806	
(111,107)		Common Good Fund	111,738	6
(68)		Reserve Fund	68	6
(111,175)		Total Reserves	111,806	

Notes

1. The revaluation of investment property will be undertaken in Quarter 4, at which time this figure will be updated.
2. Reflects current cash balances held following transactions to September 2017.
3. Will be reviewed and updated accordingly in Quarter 4.
4. Based on transactions to September 2017.
5. Based on transactions to September 2017.
6. Reflects the accounting value of the funds, based on transactions to September 2017.

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GROUP ENTITIES
PROJECTED FINANCIAL POSITION
FOR THE YEAR 2017/18

Aberdeen City Council holds a financial interest in a number of Subsidiaries, Associates and Joint Ventures. The most significant of these are included in the Council's Group Accounts.

As set out in paragraph 3.3 of the main report quarterly reporting will evolve throughout the year to incorporate further changes such that the ultimate aim of a faster year end closedown and the production of the unaudited annual accounts by the end of April 2018 can be achieved. Part of that evolution will be to incorporate the Group Accounts entities into reporting and to develop the information available on the group position.

The table below outlines the entities to be consolidated into the Council's Group Accounts, and details the Council's share of "ownership" of each of the entities.

For the financial year 2017/18	ACC Control %	Commitment to meet accumulated deficits %	Annual Turnover £m
Subsidiaries			
Aberdeen Exhibition & Conference Centre (AECC) Limited	100	100	0
Common Good	100	100	3
Trust Funds	100	100	0
Sport Aberdeen Limited	100	100	12
Bon Accord Care Limited	100	100	21
Bon Accord Support Services Limited	100	100	27
Joint Ventures			
Aberdeen Sports Village Limited	50	50	6
Aberdeen City Integration Joint Board	50	50	316
Associates			
Grampian Valuation Joint Board	39	39	4

The table below summarises the latest financial position reported by the group entities:

For the financial year 2017/18	Reporting Date	Surplus / (Deficit) attributable to the Council at reporting date £'000	Forecast Surplus / (Deficit) 2017/18 £'000	Comment	RAG status
Subsidiaries					
Aberdeen Exhibition & Conference Centre (AECC) Limited	n/a	-	-	Ceased trading 31/03/17	G
Common Good	30/09/17	-	-	Reported in Appendices 2 & 3	G
Trust Funds	n/a	-	-	No report available	G
Sport Aberdeen Limited	31/08/17	7	20	Small surplus forecast	G
Bon Accord Care Limited & Bon Accord Support Services Limited	31/08/17	138	0	Break even position forecast	G
Joint Ventures					
Aberdeen Sports Village Limited	31/07/17	(471)	-	Forecast not yet reported	G
Aberdeen City Integration Joint Board	30/09/17	-	0	Actual not yet reported; break even position forecast subject to use of Integration and Change Fund	G
Associates					
Grampian Valuation Joint Board	30/09/17	(28)	4	Small surplus forecast	G

The notes below summarise the current financial position in respect of each of the group entities.

Subsidiaries

Aberdeen Exhibition and Conference Centre Limited (AECC)

AECC Ltd ceased trading on 31 March 2017 and is currently in the process of being wound up. No material impact on the Council's financial position is expected as a result of the winding-up process.

Common Good

The forecast revenue position of the Common Good is reported in Appendix 2, whilst the financial statement for the quarter is shown in Appendix 3.

Trust Funds

The Council is responsible for the administration of various trusts created by bequest or evolved through history or by public subscription which are utilised for a variety of benefits such as education and social work, charitable purposes, religious instruction, medical institutions, the upkeep of public works and also the administration of the Guildry. The money earned from the investments of the Trusts is used to provide grants, prizes and dux medals for school children and requisites for clients in Social Work homes.

The Trust Funds are not expected to have a material impact on the Council's financial position for 2017/18.

Sport Aberdeen

Sport Aberdeen Limited is a charity and constitutes a limited company limited by guarantee. The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with key priorities. Although Aberdeen City Council does not own the entity it is considered that control representing power to govern exists through agreements in place and that Sport Aberdeen Limited operates as a structured entity of the Council.

Sport Aberdeen have reported a profit of £7k for the 5 months ending 31 August 2017, compared to a budgeted deficit at this stage of the year of £91k, representing a positive variance of £98k. An overall surplus of £20k for the financial year 2017/18 is currently forecast.

Bon Accord Care and Bon Accord Support Services

Bon Accord Care Limited and Bon Accord Support Services Limited are private companies limited by shares which are 100% held by Aberdeen City Council. Bon Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

Bon Accord Care have reported an overall profit of £138k for the 5 months ending 31 August 2017, compared to a budgeted deficit at this stage of the year of £10k, representing a positive variance of £148k. An overall break even position for the financial year 2017/18 is currently forecast.

Joint Ventures

Aberdeen Sports Village Limited (ASV)

ASV Ltd is a company limited by guarantee and registered as a charity. It is a joint venture company owned equally by the Council and The University of Aberdeen. ASV Ltd was incorporated in 2007 and its objectives are to provide sports and recreational facilities, including elite sports facilities for the use of both students and staff of the University of Aberdeen and the general public, and the advancement of public participation in sport.

The financial year end for ASV Ltd is not aligned to the Council's with its year end being 31 July. ASV Ltd reported a loss of £1.54m for the year ended 31 July 2017, the share of the loss being attributed to the Council is £772k, of which £471k would relate to the current financial year, and is attributed to depreciation losses. This loss is not expected to have any impact on the Council's budgetary position in 2017/18, however further consideration is to be given to the longer term implications of the loss.

Aberdeen City Integration Joint Board (IJB)

The IJB was established by order of Scottish Ministers on 6 February 2016, becoming fully operational from 1 April 2016. The IJB is responsible for the strategic planning, resourcing and operational delivery of all integrated health and social care within the Aberdeen City area. This has been delegated by the partners; Aberdeen City Council and NHS Grampian.

The IJB has reported a forecast overspend of £2.808m for 2017/18 against its mainstream budget based on the position at period 6. The IJB has agreed a range of measures to be put in place to mitigate the forecast overspend on mainstream budgets. This sum can be met from within the overall available budget from resources allocated from the Integration and Change Fund. After accommodating the mainstream overspend, it is forecast that the total position on the Integration and Change Fund would be a surplus of £7.2m.

Associates

Grampian Valuation Joint Board

The Grampian Valuation Joint Board was created following Local Government Re-organisation on 1 April 1996, under the Local Government (Scotland) Act 1994 and covers the local government areas of Aberdeenshire, Aberdeen City and Moray.

The Board has reported a deficit of £72k for the period ended 30 September 2017 compared to a budget deficit at this stage of the year of £120k, representing a positive variance of £48k. A surplus of £9k for the financial year 2017/18 is currently forecast of which £4k is attributable to the Council. The share of the deficit at September attributable to the Council is £28k.



2018/19 BUDGET APPROACH

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2018/19 Budget Approach	2

Background

The Council sets budgets annually for its General Fund and Housing Revenue Account, both revenue and capital, Common Good and the North East Scotland Pension Fund.

This traditionally happens at a specific budget meeting of Council in February each year, thus ensuring deadlines in relation to setting Council Tax and Housing Rent levels are met. For the 2017/18 financial year this meeting took place on 22 February 2017.

In previous years the budget process has been an iterative process spanning a number of months and involving staff across the organisation and in particular the Finance Team, Extended Corporate Management Team (ECMT), Trade Unions and Elected Members. The approach largely focussed on the review of services and functions, identification of savings options, review of those options through service round tables, ECMT events, engagement with 3rd Tier staff, Trade Unions and Elected Members with the process culminating in a budget report to Council detailing the process undertaken, funding available and a number of proposed options for Elected Members to use in order to set a balanced budget.

At its meeting on 23 August 2017 Council considered and approved a Target Operating Model (TOM) which set out high level principles for a new way of working through the realignment of the key functions of the Council to a new organisational structure as well as a Transformation Portfolio and supporting Governance Framework.

It is important to maintain strong financial control and stability throughout any organisational change and key to this is the need to ensure there is strong alignment between the budget process and implementation of the TOM. The approved Transformation Portfolio is key to the realisation of benefits or savings over the next five years and as such there must be close linkages between transformation workstreams and the budget process.

The Policy Statement – Stronger Together and the LOIP (Local Outcome Improvement Plan) 2016-26 should be at the heart of our decision making and thus form the basis for the prioritisation of options as we work through transformation and its impact on the council's budget going forward.

Also underpinning the budget process is the need to ensure strong engagement with stakeholders, community empowerment and participatory budgeting.

A council wide review of budgeting, forecasting and planning was undertaken during May and June 2017, providing a number of recommendations including:

- a focus on the medium term with transformation targets and the identification of transformational options, directed through the transformation governance process, contributing to closing any funding gap;
- the need for all work to be collaborative and focussed on the new links created by the TOM;
- a shorter, more structured timeline with a strong core process for the co-ordination and collation of information, scrutiny, review and engagement with stakeholders and a robust governance process

2018/19 Budget Approach

General Fund - Revenue

Whilst the approach to setting the 2018/19 budget is in some ways fundamentally different to that used in previous years, there are a number of core preparatory tasks to be undertaken and information to be collated in order to provide a solid platform from which to work, including:

- formulation of assumptions e.g. pay awards, funding levels, inflationary uplifts
- calculation of staffing budgets, contractual and inflationary uplifts
- review of previously agreed savings options for impact on 2018/19
- review of current year (2017/18) cost pressures and assessment of impact on 2018/19, taking account of action taken in year to mitigate against the pressures
- assessment of transformational options and the likely savings which can be achieved
- calculation of core funding levels based on assumptions made

The output of the above provides the baseline budget gap i.e. gross expenditure less gross income which requires to be addressed through the budget process. It is important to note that, given the number of assumptions made, this baseline budget will move as assumptions are updated for new information or are crystallised.

The Transformation Portfolio aims to provide a balanced budget for 2018/19 and beyond. Transformation Fund has been established through the release of £15m from the Council's reserves with an agreement that reserves should be restored as part of the medium term financial strategy within a 5 year period. This use of this fund and associated benefits realisation is reported through the approved transformation governance structure and ultimately to the Strategic Transformation Committee (STC).

A number of workstreams have been initiated, developed to outline business case stage, reported to STC and following approval by STC are currently being developed to full business case. These workstreams have identified minimum and maximum returns or benefits realisation which will provide a basis for options to be put forward to Elected Members through the budget setting process.

In conjunction with these specific workstreams, the development of the Target Operating Model is also expected to identify and drive out efficiencies in working practices, ultimately providing further options for Elected Members to consider through the budget process.

In considering the baseline budget gap a number of assumptions are made around the funding settlement from the Scottish Government. This funding is key to the budget setting process and can have considerable impact on the baseline budget depending on the level of funding and any conditions the Scottish Government attach to the funding.

The release of the funding settlement to Councils is the culmination of a process which starts with the presentation of the Autumn Budget Statement 2017, to the UK Parliament, by the Chancellor of the Exchequer on 22 November 2017 with this statement providing the Scottish Government with its funding settlement from the UK Government. Thereafter, the Finance Secretary will present the Draft Budget to the Scottish Parliament on 14 December 2017, at which time the Council will receive its funding settlement, based on that Draft Budget.

This will crystallise a number of the assumptions made, allowing the baseline budget to be updated, providing a much firmer baseline budget and associated funding gap to be addressed through the budget setting process.

In setting its 2017/18 budget, Council considered and approved an IJB (Integration Joint Board) protocol which provided guidance on how officers from the IJB, Council and NHS Grampian will work together during the preparation of their three respective budgets. The protocol indicated that the IJB will agree its budget based on provisional funding levels and then the decision on the actual level of funding will be made at the Council meeting in terms of Social Care, and the NHS Grampian Board in relation to delegated health functions. A further report will be brought back to the IJB confirming the final funding levels and the IJB will then decide on any changes required to its provisional budget. It is proposed that this protocol be followed again for setting the 2018/19 budget.

Engagement with stakeholders including staff, trade unions and elected members is a key part of the approach to setting a budget. Through the various delivery and control boards and the Strategic Transformation committee, the governance already in place around the transformation portfolio includes trade unions and elected members thus providing them with a forum to access information, comment on the workstreams within the portfolio and provide strategic direction. In addition to this staff can access information and provide feedback both through the Transformation Zone and their normal workplace staff forums, whilst the Employee Rep Network provides a communications network which can help make sure staff feel informed and involved in what's happening at every stage as the organisation transforms.

With the responsibility of setting the Council's budget, it is important that elected members are kept informed through consultation and engagement throughout the process. This will happen in a variety of ways including through regular meetings with group leaders and key senior staff and specific meetings with both the coalition administration and each political party as they develop their budget proposals prior to budget setting day.

The timeline for setting the 2018/19 budget going forward is set out below:

Task Description	Key Dates
Ongoing review and update of assumptions, baseline budget information and identification of budget options	November 2017 – January 2018
Ongoing review and consideration of budget alignment to the LOIP and TOM	November 2017 – January 2018
UK Government Autumn Budget Statement 2017	22 November 2017
Scottish Government Draft Budget 2017 & Funding Settlement	14 December 2017
Analysis of Funding Settlement, Briefing Note issued and Baseline Budget updated	15 December 2017
Presentation of Full Business Cases to Strategic Transformation Committee	December 2017 – January 2018
Engagement with staff and trade unions	December 2017 – January 2018
Engagement with elected members	December 2017 – January 2018
Preparation of draft budget report	December 2017 – January 2018
Update, consultation and finalisation of budget report	15 December 2017 – 7 February 2018
Council Budget Meeting	19 February 2018

General Fund - Capital

A review and update of the five year capital programme is ongoing, which will take account of emerging capital investment requirements, whilst also paying cognisance to the need to maintain the underlying capital financing requirement at the levels presented to and used by the credit rating agency, Moody's in assessing the Council's credit rating. The approach for capital will largely follow the same process and timeline as stated above for revenue, whilst also taking account of the specific governance in place for capital including the necessary approvals by the Capital Board. Engagement and consultation with the Administration and representatives of all political parties will also be undertaken.

Housing Revenue Account – Revenue and Capital

The process to prepare the 2018/19 Housing Revenue Account revenue budget and five year capital programme is underway and will include specific engagement and consultation with senior management of the lead service (Communities, Housing & Infrastructure), the Convenor of Communities, Housing & Infrastructure Committee and representatives of all political parties. In addition, for capital the approach will take account of the capital governance process including the necessary approvals by the Capital Board.

Common Good

An investment strategy review is underway which, along with the normal review of income and expenditure, will inform the preparation of the Common Good budget for 2018/19. This will follow the same approach and timeline as that stated above for General Fund.

North East Scotland Pension Fund (NESPF)

While the costs associated with the administration of the NESPF are provided for within the General Fund Revenue Budget and are recoverable from the Fund, it is important these costs are transparent for all bodies within the Fund and therefore a separate budget report is prepared. The preparation of the NESPF budget and associated report will follow the same process and timeline as the General Fund.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Credit Rating Annual Review
REPORT NUMBER	CG/17/132
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	Sandra Buthlay

1. PURPOSE OF REPORT:-

- 1.1 To provide an overview of the recent credit rating annual review and report the outcome of the review.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee note the following:

- a) The process undertaken for the annual review; and
- b) The outcome of the annual review.

3. BACKGROUND/MAIN ISSUES

Background

- 3.1 During 2016/17, Aberdeen City Council became the first local authority in Scotland to be awarded a credit rating and subsequently secure funding towards its capital investment programme, by issuing bonds of £370 million on the London Stock Exchange (LSE).
- 3.2 The credit rating must be maintained over the term of the bonds with the credit rating agency conducting a review at least once every twelve months. The first annual review of the Council's credit rating was undertaken in October 2017.
- 3.3 At its meeting on 14 December 2016, Council considered a report "Bond Financing Strategy – Implications for the Council" which provided details on the implications of the award of a credit rating by Moody's Investor Services. The report can be viewed using the following link (item 15):

<http://councilcommittees/ieListDocuments.aspx?CId=122&MId=3897&Ver=4>

- 3.4 A credit rating, from a recognised credit rating agency, had to be secured to enable the Council to issue bonds. In determining a credit rating, the agency considered the strength of the institutional framework within which a Scottish local authority operates as well as considering the performance of the economy within which the local authority operates.
- 3.5 In addition, the Council was required to submit detailed financial information to the ratings agency in order to demonstrate its stewardship, including annual accounts; past, present and future budgetary information and analysis including the main income streams; capital programmes and major projects; analysis of past and projected future reserves and balances; treasury management policy and strategy; credit metrics; and 35 year projected income statement, cashflow statement and balance sheet.
- 3.6 In early October 2016, Aberdeen City Council received a credit rating from Moody's Investor Services ("Moody's") of Aa2, and was placed on negative outlook. The rating was one notch below the UK sovereign rating with the negative outlook mirroring that of the UK sovereign rating, following the vote to leave the European Union. This is third highest rating Moody's award and is a high-grade investment rating

UK Rating Downgrade and Impact on Aberdeen City Council

- 3.7 On 22 September 2017, Moody's downgraded the UK Sovereign Rating from Aa1 to Aa2, whilst also moving from a negative outlook to a stable. The key drivers for this change were:
- The outlook for the UK's public finances has weakened significantly since the negative outlook on the Aa1 rating was assigned, with the government's fiscal consolidation plans increasingly in question and the debt burden expected to continue to rise;
 - Fiscal pressures will be exacerbated by the erosion of the UK's medium-term economic strength that is likely to result from the manner of its departure from the European Union (EU), and by the increasingly apparent challenges to policy-making given the complexity of Brexit negotiations and associated domestic political dynamics.
- 3.8 The rationale for the stable outlook was:
- 3.8.1 The fiscal deterioration that Moody's expects is balanced by the UK's continued economic and institutional strengths, that compare well to peers at the Aa2 rating level. While the ongoing Brexit negotiations introduce a high level of uncertainty over the economic outlook for the UK, Moody's base case remains that some form of a free trade agreement is in the interest of both sides and will ultimately be agreed. Such a scenario would mitigate the negative economic implications of the UK's departure from the EU to some extent.

- 3.8.2 In that context, Moody's notes that the UK government may be softening its negotiating stance in a number of areas, including on the European Court of Justice, on continuing budget contributions in the transition phase and most importantly on the need for a transitional agreement beyond March 2019 to limit the disruption to trade following the UK's exit.
- 3.9 On the back of the UK rating downgrade, Moody's reviewed sub-sovereign ratings including Aberdeen City Council and on 26 September 2017 published a rating action which downgraded the Council's credit rating from Aa2 to Aa3, again moving from a negative to a stable outlook.
- 3.10 It is worth noting that Moody's did not take the same action on all sub-sovereign bodies with the outlook for a number of bodies retained at negative whilst the rating of one body went down two notches to A1.
- 3.11 The downgrade of the Council's credit rating was an expected consequence of the change to the UK sovereign rating and therefore should not be seen as a direct reflection on the Council.

Annual Review Process

- 3.12 In February 2017, Moody's indicated that the annual review should take place after the publication of the Council's 2016/17 audited annual accounts which were due to be considered by the Audit, Risk & Scrutiny committee on 26 September 2017.
- 3.13 They further advised that the review would be in the form of a face to face meeting and indicated they would be keen to have the meeting in Aberdeen. The date for this meeting was subsequently set for 13 October 2017, with Moody's providing an agenda of the areas they would wish to cover in the meeting.
- 3.14 As the format for the original credit meeting assessment included a Management Presentation by the Chief Executive, Head of Finance and Head of Economic Development, it was concluded that a similar format for the day would be appropriate and this was agreed with Moody's. In addition and reflecting the importance of governance around the bond and credit rating, the Head of Legal & Democratic Services was also included for this meeting.
- 3.15 The updated Management Presentation focussed on "telling the story" since the original assessment covering the 2016/17 reported financial position, current estimated 2017/18 financial position, projected medium term financial position, treasury and debt management position and the local economy.
- 3.16 As part of the day, the Moody's Analysts were on a site visit to the AECC development where they met a representative from SMG (the AECC operator). As the biggest project the Council is undertaking and given the size and complexity of the development, the analysts were particularly keen to enhance their understanding of the project including how the project is being

run, the robustness of future revenue stream assumptions and the overall risk to the Council arising from the project.

- 3.17 By way of supporting the assessment of the economy, a further visit was also undertaken to the Oil & Gas Technology Centre (OGTC) where they met the CEO of OTGC and the Head of Communications & External Affairs of Oil & Gas UK.
- 3.18 Whilst the review meeting itself allowed question and answer sessions throughout, further follow up information was requested by Moody's in the week commencing 17 October 2017, with the majority of the information provided that week. More detailed information on the AECC development project was also requested and this was provided through documentation and discussion with the analysts during the period to 6 November 2017.

Annual Review Outcome

- 3.19 On 20 November 2017, Moody's issued their credit opinion, Aa3 with a stable outlook, no change from that issued in September 2017. The full published credit opinion is included in Appendix 1 and can be summarised as follows:
- 3.19.1 The credit profile reflects a strong institutional framework, a strong track record of operating performance and a wealthy local economy whilst also reflecting challenges around the increase in ACC's debt levels from 2016/17 to finance their capital programme and key project risk from the development of the Aberdeen Exhibition and Conference Centre (AECC).
- 3.19.2 The credit profile also reflects our assessment of support from the UK government (Aa2 stable) and the high likelihood it would intervene in the event that ACC were to face acute liquidity stress.
- 3.19.3 The credit opinion highlights those factors which could lead to a future upgrade or downgrade, with these including changes in financial performance, significant changes in the size and/or complexity of debt and changes in the risks associated with ambitious capital projects both in terms of delivery and future revenue streams.

Future Annual Reviews

- 3.20 As previously mentioned, the credit rating must be maintained over the period of the bonds. This means a formal review of this nature will take place annually. While we expect each review will have a strong focus on the current and projected financial position of the Council it is noted that credit rating agencies value independent analysis and reporting of local economies.
- 3.21 At its meeting on 15 March 2017, Council approved plans to establish an Economic Policy Panel to advise on and inform the Council's annual credit rating reassessment and to inform the Regional Economic Strategy and other economic matters relevant to the Council.

- 3.22 At its meeting on 23 August 2017, Council approved the appointment of three members to the Aberdeen Economic Policy Panel (the Panel) and noted the immediate working priorities of the Panel.
- 3.23 It was further noted that, with the Panel only just established, it would not be possible for the Panel to produce an economic report in advance of the first annual credit rating review in October 2017.
- 3.24 The annual work plan of the Panel will revolve around the production of its annual economic report around September/October each year which, as independent validation of economic policy and performance will provide a robust check on the economic analysis provided to Moody's from 2018 onwards.

4. FINANCIAL IMPLICATIONS

- 4.1 Whilst there are no direct financial implications arising from the recommendations of this report, it is important to note that the bond issuance places a financial commitment on the Council until 2054.
- 4.2 In addition, financial stability and strong financial management are key elements to maintaining a credit rating throughout the period of the bonds.

5. LEGAL IMPLICATIONS

- 5.1 There is a specific requirement within the bond documentation that a credit rating be maintained throughout the period of the bonds.
- 5.2 While the Council's bonds are trading on the LSE, the Council is required to comply with the Market Abuse Regulations, the Disclosure and Transparency Rules, the Listing Rules and ongoing obligations as set out in the LSE Admission and Disclosure Standards.
- 5.3 A Bond Governance Project Board has been established to deliver a programme of work aimed at ensuring all governance requirements in relation to the bond issuance are put in place.

6. MANAGEMENT OF RISK

Financial

- 6.1 The Council must endeavour to maintain a suitable credit rating. Should the credit rating fall the liquidity of the bonds in the secondary market will drop. If concerned, bondholders may call a meeting which would analyse the Council's financial position and the Council are obliged to respond honestly to all questions. Further if the credit rating falls such that it is three notches below the UK sovereign rating, the bondholders have the ability to request repayment of the bonds.

6.2 In addition if the credit rating falls then the Council's ability to obtain other financial products in market place may become more expensive and/or difficult to access. This is due to the perceived risk in investing in a lower credit rated body.

6.3 These risks are partially mitigated by putting in place and maintaining robust governance, to ensure the Council is able to react and take action promptly to address issues arising. The Bond Governance Project Board incorporates the key work programmes identified to ensure these risks are mitigated as far as possible.

Employee

6.4 Council employees and councillors have access to an array of information which may be confidential and/or inside information in terms of the relevant legislation, rules and regulations that come with being an LSE listed organisation.

6.5 It is important that all employees and councillors understand the implications of being a listed organisation and having a credit rating and the specific requirements this puts on them.

6.6 These risks are mitigated by the programme of training which has been undertaken through the Bond Governance Project Board.

Other

6.7 Consideration has also been given to Customer / Citizen, Environmental and Technological, and no risks were identified.

Legal & Reputational

6.8 Failure to adhere to the relevant legislation, rules and regulations may result in the Financial Conduct Authority (FCA) seeking to investigate the governance arrangements in place to comply with the LSE requirements. This could be on a corporate and/or individual basis and represents both a legal and reputational risk.

6.9 These risks are mitigated by the programme of work being delivered through the Bond Governance Project Board.

7. IMPACT SECTION

Economy

7.1 The bond issuance has provided a source of financing which allows investment in the city through the projects identified within the Council's capital programmes.

People & Place

7.2 Investment in the city enhances the lives of its citizens and those of the wider region through the provision of better facilities.

Technology

- 7.3 There are no direct implications on technology arising from the recommendations of this report

8. BACKGROUND PAPERS

Bond Financing Strategy – Implications for the Council (Council 14/12/16)
Bond Financial Strategy – Economic Policy Panel (Council 15/03/17)
Recruitment to Aberdeen Economic Policy Panel (Council 23/08/17)
Moody's Credit Rating Opinion (20 November 2017)

9. APPENDICES

Appendix 1 – Moody's Credit Rating Opinion

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CREDIT OPINION

20 November 2017

Rate this Research >>

RATINGS

Aberdeen City Council

Domicile	United Kingdom
Long Term Rating	Aa3
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Aberdeen City Council (United Kingdom)

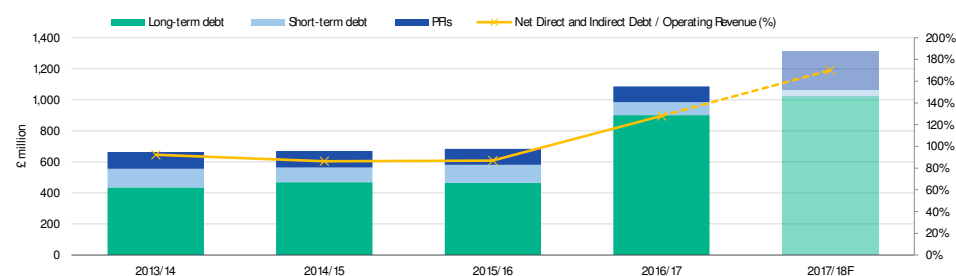
Update to credit analysis

Summary

The credit profile of Aberdeen City Council (ACC) (Aa3 stable) reflects a strong institutional framework, a strong track record of operating performance and a wealthy local economy, in addition to consideration of the increase in ACC's debt levels from 2016/17 to finance their capital programme, and key project risk from the development of the Aberdeen Exhibition and Conference Centre (AECC). The credit profile also reflects our assessment of support from the UK government (Aa2 stable) and the high likelihood it would intervene in the event that ACC were to face acute liquidity stress.

Exhibit 1

Aberdeen City Council's debt level has risen significantly from 2016/2017



Source: Issuer, Moody's

Credit Strengths

- » Strong institutional framework for Scottish Local Authorities (LAs), similar to England
- » Wealthy local economy albeit with exposure to oil and gas industries and their supply chains
- » Strong financial performance track record expected to be maintained
- » Slow evolution of Scottish framework brings insulation to fluctuations in key industries

Credit Challenges

- » Debt has increased in size and complexity in 2016/17
- » Continued achievement of operating surpluses will require implementation of ambitious savings programmes

- » Key project risk associated with the development of Aberdeen Exhibition and Conference Centre

Rating Outlook

ACC's forecast financial performance metrics remain in-line with peers, underpinning the stable outlook. The stable outlook on the UK sovereign further supports the stable outlook on ACC.

Factors that could lead to an upgrade

- » Strengthening financial performance
- » Significant reduction of debt level
- » Diminishment of risks associated with ambitious capital project
- » Reduced susceptibility to volatility in key industries

Factors that could lead to a downgrade

- » Increasing project risks in the short term arising from a failure to deliver capital project as planned, and in the longer term, a failure to realise projected revenues which undermine the viability of the project
- » Worsening financial performance including failure to achieve revenue expenditure savings and/or reduced Scottish government financial support
- » A material increase in size and nature of debt beyond what is currently anticipated
- » Downgrade of the sovereign rating, a change in the relationship between Scotland and the UK, or a dilution of the regulatory framework for Scottish local authorities

Key Indicators

Exhibit 2

Aberdeen City Council

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18F
Net Direct and Indirect Debt / Operating Revenue (%)	98.5	92.3	86.3	87.0	128.0	170.1
Interest payments / Operating revenues (%)	4.8	4.7	4.0	4.0	3.6	5.1
Gross Operating Balance / Operating Revenue (%)	8.0	4.6	10.5	8.3	2.9	7.4
Capital Financial Surplus (Requirement) / Total Revenue	3.5	-1.9	2.6	-3.6	-27.6	-40.1
Intergovernmental Transfers / Operating Revenue (%)	60.2	57.0	55.9	55.7	51.2	55.5
Short-Term Direct Debt / Direct Debt (%)	17.9	18.1	14.1	16.9	7.7	3.3
GDP per capita as % of National Average [1]	146.9	147.1	149.8	143.5	143.5	143.5
Usable Reserves / Operating Revenue (%)	15.4	16.3	16.5	12.7	10.3	9.0

Figures adjusted on a cash basis. [1] Figures restated from GDP to GVA and compare Aberdeen City and Aberdeenshire to the UK average (source: ONS)
Source: Issuer, Moody's

Detailed Credit considerations

The credit profile of Aberdeen City Council, as expressed in a Aa3 stable rating, reflects (1) a baseline credit assessment (BCA) of a2, and (2) a high likelihood of extraordinary support from the UK government in the event that the entity faced acute liquidity stress.

Recent Developments

On September 26th 2017, MPSE downgraded all UK local authorities (LAs), reflecting the sector's institutional and financial ties with the UK sovereign. While the proportion of LA revenues stemming from local sources has increased over the last five years, central government transfers still comprise about half of local authorities' revenues for the sector overall. Furthermore, LAs remain tightly

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bound to fulfill statutory responsibilities determined by national policy. There is a close link between the policies and resources of the UK sovereign government and the LAs', which is reinforced by the monitoring and control mechanisms in place.

Baseline credit assessment

Strong institutional framework for Scottish local authorities, similar to England

The institutional framework for UK local authorities is mature and highly developed, underpinned by a number of key pieces of legislation. The UK LA system is one of the most centralised in Europe and as such the ratings of LAs are significantly driven by the sovereign rating, and central government policy.

In Scotland, the responsibility for funding is devolved with the Scottish Government being allocated a block grant from the UK sovereign which currently amounts to some 85% of the total budget. Scottish Government then allocates a block grant to Scottish LAs in the form of a general revenue grant, non-domestic rates income (business rates), and a general capital grant. As in England, Scottish LAs' main sources of non-block grant revenue are council taxes, fees, charges and trading income. Intergovernmental transfers are expected to remain above 50% of ACC's budget for the foreseeable future, which therefore insulates the council from volatility in the local economy. Similarly to English LAs, Scottish LAs have to prepare an annual balanced budget and any failure to meet this requirement means government must be notified by the designated financial officer at the Council. The history of formal intervention by central government into Scottish local government is limited due to few cases of financial distress, but interventions have occurred in relation to PPP schemes, equal pay settlements and following the collapse of Landsbanki and its impact on the investments in the sector.

ACC internal governance and scrutiny is strong, supported by recent assessments from the Accounts Commission. The financial planning process includes a strategic review underpinned by a Medium Term Financial Plan, a Corporate risk register, and monitoring of the financial position which is reported quarterly to the Finance and Resources Committee. Similar to other LAs, ACC manages a number of partnerships with other public bodies in order to deliver its social mandate. In addition to this ACC has shareholdings in a number of entities and subsidiaries in order to support the delivery of its objectives. All are financed by ACC so their funding and savings plans are considered in the Council's Medium Term Financial Plan. None have any debt on their balance sheets.

Wealthy local economy with exposure to oil and gas industries

ACC is located in the north east of Scotland with a population of 230,000 people. Population growth has been healthy, increasing by close to 10% between 2006 and 2016 in Aberdeen City. ACC is wealthy when compared to the rest of the UK and Scotland. GVA per capita in Aberdeen City and Aberdeenshire is GBP36,726, over 150% of the Scottish average of GBP23,685 in 2015. The city's unemployment rate was 4.8% in 2016/17, marginally higher than the Scottish average of 4.5%. It had a job density of 1.2 in 2015, meaning it is a net attractor of jobs. It also has a highly-skilled population, with 53% educated to NVQ4 and above, compared to 44% in Scotland as a whole.

Key industries include oil and gas, health, and research and development. The oil and gas sector remains the primary driver of employment in the Aberdeen and North East economy through direct and indirect employment. ACC has seen a downturn in the local economy, due to recent falls in commodity prices. This has led to a corresponding fall in employment rates from a high of 77% in 2015/16 to 73% in 2016/17. In addition, the oil and gas industry is particularly exposed to Brexit and therefore may suffer further depending on the final trade deal that is agreed between the UK and the EU. However, the current funding framework, as described in the previous paragraph, shelters ACC from any downturn - or indeed upturn - in the local economy. Non-domestic rates are centralised and redistributed with any shortfall compensated by central government.

Strong financial performance track record expected to be maintained

The Council has demonstrated a solid financial record for the last 5 years maintaining a net surplus against budget for the last 5 years with previous forecasts on expected outturns being realistic. ACC projects continued surpluses to 2022/23, these being dependent on the realisation of a GBP125 million savings programme between fiscal years 2018/2019 to 2022/2023. We expect surpluses to be maintained, although note the potential impact of the key project risk described below.

Gross operating balance to operating revenues was 2.9% in 2016/2017 and projected to average around 8.2% over the next 3 years if savings are delivered as planned.

ACC has GBP87 million of usable reserves, expected to decrease to GBP64 million by 2018/19. This is a deliberate decision by ACC as they consider the lower level to be a sufficient liquidity cushion. However, key credit risks such as the development of the AECC project could have a material impact on reserves if the construction programme is delayed or experiences cost overruns, or if revenues do not materialise as planned and are insufficient to meet debt servicing costs.

The Housing Revenue Account (HRA), similar to in England, is ring fenced and primarily funded through rents. The Council currently has 22,295 council houses which are covered by a 30 year HRA business plan. As in England, in Scotland the HRA cannot subsidise the general fund or vice versa (Housing Act 1987). We consider the whole of ACC, including the HRA revenues and debt – i.e. the consolidated position, adding around GBP149 million of debt and GBP1,000 million of assets (or about 34% of consolidated ACC total assets). This is a comparable approach to that taken for English LAs.

Slow evolution of Scottish framework brings insulation to fluctuations in key industries

There are slowly evolving institutional changes taking place in Scotland but these should have limited impact on the operating environment for ACC. While results of the Brexit referendum initially brought renewed impetus to the arguments for a second Scottish Independence referendum, we view this as currently having little bearing on the strong ties between the UK Sovereign, the Scottish Government in turn the LA sector.

Debt has increased in level and complexity

ACC issued a GBP370 million index-linked bond in November 2016, maturing in 2054. The bond is intended to support the development of its ambitious capital programme, in particular financing the new Aberdeen Exhibition and Conference Centre (AECC). This has contributed to an increase in ACC's debt level to 128% of operating revenues, rising to 170% in 2017/18.

The benefits of the debt issuance are that it diversifies financing sources and reduces the dominance of the Public Works Loan Board (PWLb) in ACC's Treasury strategy. The bond issuance also allows the council to delay debt service repayment until 2020, when AECC is projected to generate revenues. In addition, the bond issue enables the Council to reduce their reliance on short term funding which will fall to 3.3% in 2017/18 compared to 16.9% in 2015/16.

The drawbacks of the debt issuance are that it increases the complexity of ACC's debt structure as well as increasing their overall debt levels. In addition, while interest on the issuance is relatively low, there is also indexation on the capital. As currently limited ACC revenues are linked to inflation, the issuance of index-linked debt raises the possibility of a potential mismatch between revenues and the indexation on the capital. However, the interest and debt servicing costs (amortising) on the index-linked bond is projected to be covered by the anticipated revenues from the AECC development, if realised as planned.

The remainder of the debt portfolio is simple, with some exposure to LOBOs although these are all held at fixed rates. There is no use of derivatives with respect to interest rate or exchange rate. The Council's current treasury policy states it can have up to 30% variable rate debt, this is currently at 5%.

The treasury policy is straightforward reflecting the uncomplicated debt and treasury arrangements. The investment policy is risk averse with an approved counterparty list with the highest rated entities maintained and adhered to, investments are currently held and planned to be held in highly rated money market funds. Clydesdale Bank plc (Baa2 RUR) is responsible for day-to-day banking facilities and offers an overdraft facility of GBP1.5 million.

ACC also has a number of other existing indirect obligations, the largest of these being the pensions fund which is showing an actuarial deficit of GBP250 million. A 19-year recovery plan has been agreed with the trustee to make up the difference. There is one Public Private Partnership in which ACC is currently involved. It includes a 30 year PPP contract for the construction, maintenance and operation of ten schools. The scheme came into operation between May 2009 and April 2011. This represents a liability of GBP103.6 million which is on balance sheet.

Key project risk associated with the development of Aberdeen Exhibition and Conference Centre

The cornerstone of ACC's capital expenditure programme is the AECC. The project is comprised of a new 12,500 capacity seated/standed arena, exhibition and conference centre, three hotels, car parking facilities and an energy centre. Construction started in July 2016 and is currently anticipated to be complete in the summer of 2019.

The project is intended to consolidate Aberdeen's ability to compete globally with other cities in the energy sector, as well as support the diversification of Aberdeen's economy through leisure and business tourism.

Positive developments this year include securing SMG Europe as the operator of the AECC, and hotel franchise agreements with Hilton and Starwood Hotels. SMG Europe has significant experience as an operator of international conference and event venues, in particular Manchester Arena and the First Direct Arena in Leeds. Construction is currently on schedule and in line with contractual milestones. It should be noted that strong governance and oversight over the project is being maintained, and a number of risk mitigants for the construction programme are in place including: 1) fixed price construction contracts with maximum guaranteed price; 2) developer contracts with incentivisation for delivery on time; 3) an insurance bond; 4) debt servicing delayed until completion of construction.

However, ACC remains exposed to significant revenue risk exposure once the AECC is in operation. As a prominent civic project, its success is likely to be scrutinised and therefore bears significant political and reputational risk for the Council. We also view the AECC development, and ACC's borrowing to finance it, as demonstrating ACC's higher risk appetite than a typical local authority, despite the fact that the project is intended to boost Aberdeen's long term economic performance.

Project delivery, and therefore peak capital expenditure, will take place over the next 2 years, with a capital expenditure programme of GBP240 million in 2017/18 and GBP214 million in 2018/19, falling thereafter. Ability to manage this scale of capital project in a relatively short timescale will remain critical for the delivery of the AECC and ultimately for the capital programme as a whole.

Extraordinary support considerations

We assign a high likelihood of extraordinary support from the national government (Aa2 stable), reflecting our assessment of the reputation risk to the state were a local government's financing to fail within such a tightly designed and monitored system, in addition to the UK Debt Management Office Public Works Loan Board's stated intention to act as a lender of last resort.

Rating Methodology and Scorecard Factors

The BCA matrix generates an estimated BCA of a2, the same as the BCA assigned by the rating committee.

The matrix-generated BCA of a2 reflects (1) an idiosyncratic risk score of 4 (presented below) on a 1 to 9 scale, where 1 represents the strongest relative credit quality and 9 the weakest; and (2) a systemic risk score of Aa2, as reflected in the sovereign bond rating (Aa2 stable).

Exhibit 3

Aberdeen City Council

Baseline Credit Assessment	Score	Value	Sub-factor Weighting	Sub- factor Total	Factor Weighting	Total
Scorecard						
Factor 1: Economic Fundamentals						
Economic strength	1	144.36	70%	2.2	20%	0.44
Economic volatility	5		30%			
Factor 2: Institutional Framework						
Legislative background	1		50%	3	20%	0.60
Financial flexibility	5		50%			
Factor 3: Financial Performance and Debt Profile						
Gross operating balance / operating revenues (%)	3	5.55	12.5%	3.25	30%	0.98
Interest payments / operating revenues (%)	5	3.77	12.5%			
Liquidity	1		25%			
Net direct and indirect debt / operating revenues (%)	7	128.04	25%			
Short-term direct debt / total direct debt (%)	1	7.73	25%			
Factor 4: Governance and Management - MAX						
Risk controls and financial management	1			5	30%	1.50
Investment and debt management	5					
Transparency and disclosure	1					
Idiosyncratic Risk Assessment						3.52(4)
Systemic Risk Assessment						Aa2
Suggested BCA						a2

Source: Issuer, Moody's

Ratings

Exhibit 4

Category	Moody's Rating
ABERDEEN CITY COUNCIL	
Outlook	Stable
Issuer Rating -Dom Curr	Aa3
Senior Unsecured -Dom Curr	Aa3

Source: Moody's Investors Service

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Barclay Review of Non-Domestic Rates
REPORT NUMBER	CHI/17/269
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Jamie Coventry

1. PURPOSE OF REPORT:-

- 1.1 The purpose of the report is to update the Committee on the recommendations of the Barclay Review group that was set up enhance and reform the business rates system in Scotland to better support business growth and long term investment.

2. RECOMMENDATION

- 2.1 It is recommended that the committee note the recommendations contained in the report of the review group and officers' assessment of how the recommendations could impact on Aberdeen City Council as both a rating authority and a ratepayer; and also how they could impact on the local economy as a whole.

3. BACKGROUND/MAIN ISSUES

- 3.1 In 2016, the Scottish Government commissioned a review of the non-domestic rates system in Scotland. This review was led by Ken Barclay with the aim of exploring how the system could be reformed whilst ensuring recommendations were revenue-neutral. The Barclay Review report was published on 22nd August 2017. The report outlined thirty recommendations on how to reform the business rates system.
- 3.2 At the Finance, Policy & Resources committee meeting of 29th June 2017 The Committee agreed to note the Scottish Government set up the Barclay Review group to make recommendations that seek to enhance and reform the business rates system in Scotland to better support business growth and long term investment and reflect changing marketplaces which is due to report to Ministers in July 2017 and to instruct the Chief Executive to bring forward that report once published thereafter to the first available Finance Policy and Resources Committee.

3.3 This report provides an update on the recommendations of the Group. The annex contains a table with a description of each of 30 recommendations and provides an assessment from officers of their potential impact on Aberdeen City Council as a rating authority and as a ratepayer; and the potential impact of the recommendations on the local economy.

3.4 A transitional relief scheme was offered by the Scottish Government for office and hospitality sectors in Aberdeen: £7.5m (being £3.7m in the hospitality sector, including hotels, pubs, restaurants and cafés; and £3.8m for offices). The number of businesses gaining relief from the transitional relief is around 1,347 in Aberdeen city (500 in the hospitality sector and 847 offices)

3.5 In addition, the Council offered a relief scheme to those businesses that could not benefit from the two Government schemes, of £4.2m. This relief was capped at £3,500 for properties over £60,000.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendation of this report.

6. MANAGEMENT OF RISK

6.1 There were no risks arising from the recommendations identified in any of the following categories:

- Financial
- Employee
- Customer / citizen
- Environmental
- Technological
- Legal
- Reputational

7. IMPACT SECTION

7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 Economy

7.2.1 There are no economy implications as a result of this report. Potential effects from some of the recommendations from the review are highlighted in the annex to this report. Business rates can have a significant financial impact on company growth and viability, and in this sense the review, and subsequent response by Government, may have an impact on the local economy.

7.3 People

7.3.1 There are no people implications as a result of this report.

7.4 Place

7.4.1 There are no place implications as a result of this report. Within the Council's Economic Development Service, officers will continue to work with the Aberdeen & Grampian Chamber of Commerce in relation to Business Rates and the local economy.

7.5 Technology

7.5.1 There are no technology implications as a result of this report.

8. BACKGROUND PAPERS

8.1 Report of the Barclay Review of Non-Domestic Rates, 22 August 2017
<http://www.gov.scot/Resource/0052/00523643.pdf>

9. APPENDICES

9.1 Annex - Recommendations and Impact on Aberdeen City Council and the local economy

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No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
1	A Business Growth Accelerator	A 12 month delay should be introduced before rates are increased when an existing property is expanded or improved and also before rates apply to a new build property.	<p>There is no likely immediate negative impact for ACC.</p> <p>This suggests delayed notification of increases to rateable values coming to us from the Assessor. It is envisaged that either the Assessor will have to “delay” the increase on the Valuation Roll or that a new relief type is introduced. For new builds, it is the same; either the Assessor delays entry to the Valuation Roll or there is a new relief type.</p> <p>The only adverse effect this may have is on Business Rates Incentivisation Scheme (BRIS); this “incentivises” local Authorities for business rates growth. If new or improved properties are delayed for billing purposes, this reduces the non-domestic rates income and consequently, BRIS.</p>	This could benefit ACC as it potentially reduces the rates burden on our estate for improved properties or new build properties.	In the short term the impact is likely to be slight. It may encourage property upgrading but the market is still very slow with little appetite for speculation. External considerations like Brexit do not encourage businesses to upgrade properties.
2	Three yearly revaluations from 2022	There should be three yearly revaluations from 2022 with valuations based on market conditions on a date one year prior (the ‘Tone date’).	There is no likely impact on ACC as this is a valuation matter involving the Grampian Assessor	This is likely to have minimal impact on ACC.	Businesses in the local economy will likely approve of this as it was widely requested in submissions to Barclay review.
3	The large business supplement should be reduced.	The large business supplement should be reduced for properties	There is no likely impact on ACC. The large business supplement varies year-on-year and is prescribed by statute. It is	This will benefit ACC as a large proportion of its estate has RV’s over £51,000 and	This could reduce tensions between small and large businesses

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
		with rateable values currently over £51,000.	encompassed within the annual legislative updates	therefore the supplement is payable	where large businesses may feel they are subsidising small business/property especially if they are competitors
4	Relief for day nurseries	A new relief for day nurseries should be introduced to support childcare provision.	There is no likely impact on ACC. This will be a new relief type and determined by the appropriate legislation.	This may benefit ACC but only if the relief extends into the public sector (as opposed to what has been said about relief for private day nurseries).	This could benefit the economy. However, there are questions about whether the reduction in costs will be passed on to users of nursery provision in terms of lower costs.
5	Expanding Fresh Start relief.	Town Centres should be supported by expanding Fresh Start relief.	There is no likely impact on ACC. This is an existing relief type. Any extension to the current relief scheme may bring long-term empty subjects back into use which would increase NDRI in the long term.	There is potentially no impact on ACC as the ACC estate/property use may not meet the criteria.	This could have a positive effect but it is unlikely to be large in the short term at least. Much of the economy, especially retail is slow due to both the downturn in the oil and gas sector and Brexit concerns.
6	Plant and Machinery valuations	A separate review of Plant and Machinery valuations with particular focus on renewable energy	There is no likely impact on ACC. This is a valuation matter involving the Grampian Assessor.	This may have an impact on ACC in terms of any work carried out on its estate but any impact is likely to benefit ACC as the intent is to allow	This could provide a stimulus for improvement to properties.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
		sector valuations and statutory improvements to property including sprinkler systems.		such improvements to be carried out within a new valuation framework. However, it is likely that statutory improvements to sprinkler systems will affect domestic properties as a priority e.g. high rise tower blocks.	
7	Small Business Bonus Scheme (SBBS)	The effectiveness of the Small Business Bonus Scheme should be evaluated.	There is no likely impact on ACC. SBBS is currently legislated and any changes to this will be dealt with as an administrative and collection process.	There is no likely impact on ACC. There is no SBBS granted for any of ACC properties as they are cumulatively in excess of the prescribed rateable value threshold.	There is a significant number of small empty properties that currently enjoy full relief under SBBS. The need to pay rates will either open up the market or see demolition.
8	'road map' changes to the rating system	The Scottish Government should provide a 'road map' to explain changes to the rating system and should consult whenever possible on those changes, prior to implementation.	There is no likely impact on ACC. This is targeted more on the business community.	There is no likely impact on ACC. However, ACC could (or should) become involved in any consultation process.	The local business community would likely approve of this.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
9	Better information on rates	There should be better information on rates made available to ratepayers – co-ordinated by Scottish Government.	This will likely have minimal impact on ACC in terms of how we communicate with ratepayers and in-line with any nationally coordinated process.	There is no likely impact on ACC.	Making information available to the public will reduce rates avoidance and incorrect returns such as single occupancy returns.
10	List of recipients of rates relief	A full list of recipients of rates relief should be published to improve transparency.	There is a likely medium impact on ACC in terms of collating and publishing this information over and above what ACC administrative processes already do.	There is no likely impact on ACC.	There is no likely impact on the local economy.
11	“rateable value finder”	A “rateable value finder” product should be used – to identify properties that are not currently on the valuation roll, so as to share the burden of rates more fairly.	There is a small likely impact on ACC in terms of administering the scheme. Previous research has shown that the vast majority of non-domestic properties are entered to the Valuation Roll.	There is no likely impact on ACC.	There is minimal likely impact on the local economy.
12	Assessors should provide more transparency and consistency of approach.	Assessors should provide more transparency and consistency of approach. If this is not achieved voluntarily, a new Scotland wide Statutory Body should be created which would be accountable	There is no likely impact on ACC. This is a valuation matter involving the Grampian Assessor and/or the SAA.	There is no likely impact on ACC.	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
		to Ministers.			
13	Civil penalty for non-provision of information to Assessors	The current criminal penalty for non-provision of information to Assessors should become a civil penalty and Assessors should be able to collect information from a wider range of bodies.	There is no likely impact on ACC. This is a valuation matter involving the Grampian Assessor and/or the SAA.	There is no likely impact on ACC.	There is no likely impact on the local economy.
14	Standardised rates bills	Standardised rates bills should be introduced across Scotland.	<p>There is a likely medium impact on ACC. A standardised bill will require consultation and agreement across 32 local authorities (LAs) together with ratepayer engagement.</p> <p>Software changes will also be needed.</p> <p>It is debatable how productive this recommendation is as it may “dilute” each local authority identity and be a precursor to a Pan-Scotland billing system.</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.
15	Online billing	Ratepayers should be incentivised to sign up for online billing where available except in exceptional circumstances.	<p>There is a likely minimal impact on ACC System functionality already exists for e-billing; however, no customer-capture of details has been carried out.</p> <p>On-line billing fits with the current transformation model and can be</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
			implemented as part of that exercise.		
16	Civil penalty for non-provision of information to councils	A new civil penalty for non-provision of information to councils by ratepayers should be created.	<p>There is a likely medium impact on ACC. This would require legislative support and changes to billing software.</p> <p>There would also be implications for recovery of not only the civil penalty but any associated rates (as one will impact on the ability (or willingness) to pay the other).</p> <p>This would also add to the administrative process as requests for information would have to be properly logged and follow-up action time-driven.</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.
17	Refund overpayments	Councils should refund overpayments to ratepayers more quickly.	<p>Minimal to medium impact on ACC.</p> <p>Refunds of overpaid rates are already an administrative function. However, the expectation that refunds will be processed more quickly (e.g. within 28 days) will detract from other processes i.e. the actual focus of billing and collection.</p> <p>This also has resource implications.</p> <p>From a Treasury Management perspective, this is probably a positive suggestion as payments made as refunds will be reconciled more quickly.</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
18	Initiate debt recovery at an earlier stage.	Councils should be able to initiate debt recovery at an earlier stage.	<p>There is a likely medium to high impact on ACC. This will mean NDR is in-line with council tax recovery and the implications are that the Council will issue Reminders and Final Notices earlier in the rating year as well as earlier Summary Warrant action.</p> <p>This has a positive implication for increased in-year cash collection (and earlier) but also an increase in enquiries/disputes until the recovery timetable has had time to become known.</p> <p>There are potential software changes to be made.</p>	There is no likely impact on ACC. Normal recovery processes do not apply to ACC accounts.	There is no likely impact on the local economy.
19	Reform of the appeals system	Reform of the appeals system is needed to modernise the approach, reduce appeal volume and ensure greater transparency and fairness.	There is a no likely impact on ACC. This is a valuation matter involving the Grampian Assessor and/or the SAA.	There is no likely impact on ACC. Appeals may be heard and disposed of/agreed more quickly in relation to block appeals for our estate.	There is no likely impact on the local economy.
20	A General Anti-Avoidance Rule	A General Anti-Avoidance Rule should be created to reduce avoidance and make it harder for loopholes to be exploited in future.	<p>There is a likely minimal impact on ACC. This will require changes to primary and secondary legislation and it may be some time before this recommendation is fulfilled.</p> <p>Any changes implemented will need to be understood by staff to ensure we utilise</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
			the General Anti-Avoidance Rule effectively.		
21	The current 42 days reset period for empty property should be increased to 6 months	To counter a known avoidance tactic, the current 42 days reset period for empty property should be increased to 6 months in any financial year.	There is a likely minimal impact on ACC. This recommendation is welcomed and will reduce the level of “speculative” empty property relief. Any changes will be accommodated within the current system functionality.	There is minimal impact on ACC. We do not use “avoidance” of empty property rates. However, we may need to consider how we deal with empty property assets to minimise the rates burden.	There is minimal likely impact on the local economy.
22	Avoidance tactic for second homes	To counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties must prove an intention let for 140 days in the year and evidence of actual letting for 70 days.	There is a likely minimal impact on ACC. There is not a high level of second homes in Aberdeen which are deliberately let as self-catering. If this recommendation goes ahead, it is likely that the number of such properties reduces as they are removed from the valuation roll and/or the level of SBBS increases as many will have small rateable values.	There is no likely impact on ACC.	There is minimal likely impact on the local economy.
23	Checking rates relief awarded	The Scottish Government should be responsible for checking rates relief awarded, to ensure compliance with legislation.	There is a likely minimal impact on ACC. It is unknown how the SG will implement and enforce this recommendation. LAs currently provide a “relief snapshot” each year to the SG; it is presumed they will then have to cross-check the data.	There is no likely impact on ACC.	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
			<p>If this involves interaction with LAs then the impact will have to be raised to “Medium” as this could be a resource intensive process.</p>		
24	Charity relief should be reformed	Charity relief should be reformed/restricted for a small number of recipients.	<p>There is a likely minimal to medium impact on ACC.</p> <p>If the legislation is specific, this will clarify eligibility for charitable relief. However, this may require additional checks and verification and the process for applying may have to be more stringent.</p> <p>If less charitable relief is granted and by consequence, less discretionary relief, this will have a benefit to ACC as it reduces the amount we have to contribute (25% of the 20%).</p> <p>A revised relief policy will be required; this was in-hand for early 2018 anyway.</p>	<p>There is no direct likely impact on ACC. However, it will severely impact on ALEO’s.</p> <ul style="list-style-type: none"> - Sport Aberdeen * - APA ** - BAC/BASS - AECC <p>Any subsidy or cross-organisation funding by ACC to ALEO’s will have to be reviewed.</p>	<p>This may have a major impact on charity shops many of which occupy high profile locations in the high street leading to empty shops and undesirable streetscape especially when retail is nervous about future trading prospects</p>
25	Relief only for active occupation	To focus relief on economically active properties, only properties in active occupation should be entitled.	<p>There is a minimal likely impact on ACC. This will require legislation to be clear and unambiguous to allow ACC to implement the appropriate mechanism for awarding relief.</p> <p>It is assumed that this relates to <u>all</u> reliefs with the exception of empty relief and New Start Relief.</p> <p>If “active occupation” is a pre-requisite to</p>	<p>There is no likely impact on ACC.</p>	<p>If and when implemented it may introduce more properties to the market place affecting prices at the lower end.</p> <p>This together with greater avoidance procedures should improve</p>

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
			relief, this will mean further property visits are needed to confirm the position.		transparency and encourage properties back into use thereby increasing NDRI (Non-Domestic Rates Income).
26	Encourage bringing empty property back into economic use	To encourage bringing empty property back into economic use, relief should be reformed to restrict relief for listed buildings to a maximum of 2 years and the rates liability for property that has been empty for significant periods should be increased.	<p>There is a minimal likely impact on ACC. This will be accommodated in changes to existing empty property relief and system functionality.</p> <p>Changes were already made from 01/04/2013 to empty property relief to reduce non-exempt properties from 50% to 10% relief, further changes were made from 2016 to reduce the full relief periods.</p>	<p>There is a minimal likely impact on ACC.</p> <p>However, any long term empty properties on our estate will need to be disposed of, used or tenanted to negate increases to empty property rates.</p>	There is a minimal likely impact on the local economy.
27	Sports club relief should be reviewed	Sports club relief should be reviewed to ensure it supports affordable community-based facilities, rather than members clubs with significant assets which do not require relief.	<p>There is a minimal likely impact on ACC. A review of our discretionary relief policy is already planned for early 2018. This recommendation would either supplant or enhance our own position.</p> <p>Our existing policy currently reduces the level of relief on a sliding scale from 100% to 25% depending on the financial standing of the club.</p>	There is no likely impact on ACC.	There is no likely impact on the local economy.
28	All property should	All property should be	There is a minimal likely impact on ACC.	There is a potential medium	There is no likely impact

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
	be entered on the valuation roll	entered on the valuation roll (except public infrastructure such as roads, bridges, sewers or domestic use) and current exemptions should be replaced by a 100% relief to improve transparency.	<p>This is primarily a valuation matter for the Assessor; additional properties will have to be created on the Valuation Roll (VR) and those with current “valuation exempt” status will also have to be included.</p> <p>An additional “relief” would be legislative and system functionality would need to be amended.</p> <p>It appears that the reasoning behind this recommendation is to end “exemption” for agricultural lands and heritages, but the subsequent VR entries will then be replaced with a Rating Exemption or Relief</p>	likely impact on ACC. Other than parks and local authority land used for recreation, it is difficult to determine what other subjects could be entered to the VR.	on the local economy.
29	Commercial processing on agricultural land	Large scale commercial processing on agricultural land should pay the same level of rates as similar activity elsewhere so as to ensure fairness.	There is a no likely impact on ACC. There is very little (if any) commercial processing on agricultural land in Aberdeen.	There is no likely impact on ACC.	There is no likely impact on the local economy.
30	Current exempt parks and Local Authority (council) land vested in recreation	Commercial activity on current exempt parks and Local Authority (council) land vested in recreation should pay the same level of rates as similar activity elsewhere so as to	There is a minimal likely impact on ACC. These will be new entries to the VR and merely added to our Assessment Roll.	<p>There is a high likely impact on ACC.</p> <p>Current “valuation exempt” subjects like parks and recreation areas are to be entered to the VR. It is difficult to determine how these</p>	There is no likely impact on the local economy.

No.	Recommendation	Narrative	Impact as a Rating Authority	Impact as a Ratepayer	Impact on Local Economy
		ensure fairness.		subjects can be valued. For instance at Duthie Park, the restaurant is entered to the VR (and charged) but the David Welch winter gardens are not. At Hazlehead, the restaurant is entered to the VR (and charged) but Pets Corner and the Maze are not.	

DRAFT

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	01 December 2017
REPORT TITLE	National and Local Business Rates Relief Schemes
REPORT NUMBER	CG/17/125
CG LEAD OFFICER	Steven Whyte
REPORT AUTHOR	Ewan Wallace, Revenues Support Manager

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to update Committee in relation to Business Rates relief granted under both the national Transitional Relief Scheme and the local rates relief scheme.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Note the position relative to the number and value of relief cases granted under the national transitional relief scheme and the local rates relief scheme.; and
- 2.2 Note that 8 applications for the local relief scheme were received after the deadline and will therefore not be considered for approval.

3. BACKGROUND/MAIN ISSUES

- 3.1 Aberdeen City Council, acting as the Rating Authority, is responsible for the levy and collection of business rates from all non-domestic properties within the Aberdeen City Council area. This currently extends to around 9,500 properties with business rates income of £240 million for 2017-18 (based on the 2017-18 mid-year estimate dated 06 October 2017).

- 3.2 Business rates are levied according to two main factors:

- I. The rateable value (RV) of the property, determined by the local Assessor.
- II. The rates poundage set annually by the Scottish Government.

Following a statutory general rates revaluation carried out by the Scottish Assessors effective from 01 April 2017, many businesses faced an increase to the rateable value of their properties. Whilst this was partially off-set by a

reduction to the rates poundage, the overall effect for some was an increase to the amount of rates payable.

- 3.3 This increase to rateable values was particularly noticeable in the North East of Scotland due to the tone date of revaluation (the rateable values were based on the levels of rental value that prevailed at 01 April 2015) which was concurrent with the overall economic downturn in the Oil and Gas sectors in the area.
- 3.4 In recognition of the effects of revaluation on a national basis, the Scottish Government introduced a Transitional Relief Scheme from 01 April 2017 for properties in the hospitality sector. This relief scheme capped any rises in rates bills to 12.5% in real terms when compared to the rates charge for 2016-17.
- 3.5 In addition, the Scottish Government extended the Transitional Relief Scheme for properties within the office sector for Aberdeen City Council and Aberdeenshire Council areas, also effective from 01 April 2017 and restricting any rise in rates bills to 12.5% in real terms.
- 3.6 Transitional Relief for both hospitality and office sectors is not automatic and ratepayers must apply to the Council. The relief scheme was announced for a one year period only, covering rates charges in 2017-18 (01 April 2017 to 31 March 2018).
- 3.7 In June 2017, following Committee approval, Aberdeen City Council introduced a local rates relief scheme broadly following the provisions of the Transitional Relief Scheme but open to all business ratepayers (with certain exclusions *) which gave relief on the following basis:
 - 3.7.1 For properties where the rateable value is below £60,001, the increase to the rates bill is capped at 12.5%.
 - 3.7.2 For properties where the rateable value is above £60,001, the relief is calculated on the same basis but is restricted to a maximum award of £3,500.(* the exclusions extend to any Aberdeen City Council property, Government Departments, properties already in receipt of Transitional Relief and empty properties)
- 3.8 Following advice from Legal and Democratic Services, the local rates relief scheme was also application based. The Committee decision was to have an application closing date of 30 September 2017.
- 3.9 Transitional Relief and Local Relief – Position at 30 September 2017

The initial projection for eligible properties for the Transitional Relief scheme was based on the draft Valuation Roll compiled by the Grampian Assessor in December 2016. Final revaluation figures were not released until 17 March 2017 by which time the scope of the Transitional Relief scheme had been announced. The projected figures used the most up to date information (from

December 2016) but later valuation adjustments reduced the number of eligible properties together with the confirmation of the eligibility criteria when the relief regulations were received from the Scottish Government.

The projected number of eligible properties for the local rates relief scheme was based on the actual revaluation data released in March 2017. However, this could not account for the interaction of other rates relief types which had the potential to diminish the actual number of eligible properties nor the reduction to the projected uptake as a result of agreed eligibility criteria e.g. those businesses already in receipt of Transitional Relief, empty properties and properties classed as occupied by central or local government bodies.

Transitional Relief			
Applications processed	Value of Relief	Projected number of eligible properties	Financial provision (Scottish Govt.)
466	£3,501,227	1347	£7.5 million
Local Rates Relief			
Applications processed	Value of Relief	Projected number of eligible properties	Financial provision (ACC)
532	£1,441,235	1,400	£4.2 million

- 3.10 It is clear that the uptake for the Transitional Relief Scheme has not been as expected, with less than half of the projected eligible properties receiving relief totalling around half of the allocated provision. However, this relief has a closing date for applications of 31 March 2018 and it is feasible that further applications will be received up to that date, increasing the overall number and value.
- 3.11 The local rates relief scheme has also not reached projected figures and the closing date of 30 September 2017 has now passed. 8 applications were received after this date and will therefore not be considered for approval.
- 3.12 It should also be noted that the Scottish Government announced their intention to extend the Transitional Relief Scheme into 2018-19 to allow continued relief for affected businesses over a two-year period as opposed to the current one-year scheme that is currently in force. That decision will not be made until December 2017 when the Scottish Government sets its budget for 2018-19 and nor will the exact terms of the extension be known until that time.
- 3.13 The Grampian Assessor is responsible for dealing with Revaluation appeals against the revised rateable values and ratepayers had until 30 September to lodge appeals with the Assessor. The current level of appeals lodged against property valuation in the Aberdeen City Council area is 5,073. Settlement of appeals may not lead to any reduction to the rateable value and even if an appeal is successful, this may not be settled within 2017-18 and indeed, it may be well into 2018-19 or beyond until all appeals have been settled or disposed of.

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of granting Transitional Relief and any extension to the current scheme is funded by the Scottish Government. In terms of the local rates relief scheme, provision has already been made in the 2017-18 year for £4.2 million of relief, of which less than half has currently been awarded.
- 4.2 Given the current uptake of local rates relief and the re-appraisal of eligible properties, it is anticipated that the initial projection can be revised to around 1,000 properties. Given that 532 applications with a value of £1.4 million have already been received, there is the potential for a further 400 – 500 applications with a similar financial value as those already granted.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Financial

- 6.1 There is a risk to the Council that if the local rates relief scheme application end-date is extended, the level of new applications will increase the amount to be committed from the current allocated provision. However, this is currently within budget.

Reputational

- 6.2 There is a risk that if the local rates relief scheme application end-date is not extended, this will affect the reputation of the Council in terms of promoting and encouraging local businesses.

Employee; customer/citizen; environmental; technological and legal

- 6.3 Consideration has been given to employee; customer/citizen; environmental; technological and legal risk. No risk or impact was identified.

7. IMPACT SECTION

Economy

- 7.1 The Council must consider the potential impact of business rates increases on the viability and sustainability of local businesses and the possible loss or down-sizing of any business in terms of the local economy, employment and the general effects this will have on the reputation of the City.

People

- 7.2 The Council should consider the impact of how rates relief may support businesses and the direct impact this will have on employment within the area.

Place

- 7.3 There are no direct implications on the environment arising from the recommendation of this report.

Technology

- 7.4 There are no implications on technology arising from the recommendation of this report.

8. BACKGROUND PAPERS

- 8.1 None.

9. APPENDICES

- 9.1 None

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	01 December 2017
REPORT TITLE	Delays in Capital Programmes of Works Attributed to the Contractor – Motion by Councillor Jennifer Stewart (24 January 2017)
REPORT NUMBER	CHI/16/326
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Arthur Barrie

1. PURPOSE OF REPORT:-

- 1.1 At the meeting of the Communities, Housing and Infrastructure Committee of 24 January 2017 the Committee agreed the terms of the motion by Councillor Stewart be reported to this Committee.

The motion by Councillor Stewart was “ To instruct the Interim Director of Communities, Housing and Infrastructure to report on the proposition that where there are unreasonable delays in Capital Programmes of Works attributed to the Contractor, that (i) Council tenants and other affected householders should receive an appropriate payment payable by the contractor (to be provided for in the contract between the Council and the Contractor) to cover their reasonable losses and/or

(ii) other methods of recompense should be made available. The report will also look at best practice adopted in this area by other Scottish Local Authorities”

- 1.1.1 The Communities Housing and Infrastructure committee at its meeting on 24 January 2017 instructed the Director of Communities Housing and Infrastructure to bring a report to a future Finance Policy and Resources Committee.

2. RECOMMENDATIONS

- 2.1 The Committee is recommended to
- a) note the report and in particular that Council tenants and other affected residents should not receive compensatory payments under the contractual terms for capital works; and

- b) instruct officers to engage Council tenants and others affected by any future delayed works and contractors to assist negotiation on any remedial actions that can be taken to counterbalance unreasonable delays.

3. BACKGROUND/MAIN ISSUES

3.1 The motion is effectively structured around two requests: one is to ascertain if third parties (tenants/residents) can be compensated by contractors employed by the Council if works are delayed; and the second is to ascertain how other Local Authorities manage this issue.

3.2 Scottish Building Contracts – Contractual Position Regarding Delay by Contractor followed by Aberdeen City Council

3.2.1 Building contracts funded from the Council's Housing and Non Housing Capital Budgets are let under Standard Building Contracts for use in Scotland. These contracts are issued by the Scottish Building Contracts Committee.

3.2.2 Within these contracts there is a clause which entitles the Employer to deduct liquidated damages at the rate stated in the Contract Particulars, or at such a lesser stated rate, from sums due to the Contractor. A liquidated damages clause gives the Contractor the advantage of knowing with a reasonable degree of certainty the extent of his liability if he commits a particular breach of contract.

3.2.3 These sums can be withheld from the Contractor in the event that the contract is breached and in a building contract liquidated damages relate to the Contractor failing to achieve Practical Completion by the date set in the contract document.

3.2.4 Liquidated Damages are not penalties, they are pre-determined estimated damages set at the time a contract is entered into, based on a calculation on the actual loss the Employer is likely to incur if the Contractor fails to meet the contracted completion date. Examples of losses might be rent on temporary accommodation, removal costs, extra running costs etc.

3.2.5 As liquidated damages are not a penalty they must be based on a genuine calculation of damages when they were set. If they are not genuine, they may be considered a penalty by the courts and so will be unenforceable. The amount is decided on the understanding and intention that liquidated damages will compensate the Employer and not to coerce or punish the breacher.

3.2.6 Liquidated Damages will be the Employer's exclusive compensation if the applicable type of breach applies.

- 3.2.7 Therefore if the Employer has no material loss then liquidated damages cannot be applied and if the Employer attempted to do so then the amount would be open to challenge. In short the Employer is unable to quantify its loss.
- 3.2.8 Most of the contracts funded from the Housing Capital Budget are executed to buildings where the tenants and other householders remain in their dwellings for the duration of the works. Protection of access arrangements and all facilities are provided through the contract therefore the Council has no additional cost/expense if the Contractor is late in completing the works in this area as these provisions by the Contractor must remain in place at no cost to the Employer until the Certificate of Practical Completion.
- 3.2.9 In contracts such as these the liquidated damages rate is included as a fixed sum and is limited to the Council's additional expense for professional/technical and administrative costs for the period between the contracted completion date and the actual date of Practical Completion. These costs include additional time spent by internal and external consultants, additional time spent by building inspectors and tenant liaison officers.
- 3.2.10 There is no provision in the contract that requires the Contractor to reimburse third parties for their losses. Only the Employer can deduct monies due to the Contractor under the contract for the amount stated in the Contract Particulars. There is no financial loss to the Council for the unfortunate disruption to tenants and other householders.
- 3.2.11 It would be illegal and unenforceable to incorporate a provision in our contracts whereby it is incumbent on the Contractor to reimburse third parties for losses that are unknown to him and where losses cannot be substantiated.
- 3.2.12 It should be made clear that the term "tenant/owner loss" does not refer to any damage to property or personal effects caused by the contractor's negligence. In this case the Contract Administrator would instruct the Contractor to make good any damage to property to the satisfaction of the Contract Administrator and tenant/owner and replace any damaged personal effects or compensate the tenant/owner all at the Contractor's expense.
- 3.2.13 In summary, the legal position which protects all building contracts in Scotland though the industry standard adopted called 'Scotland Building Contracts' and which the Council follows does not require that payment be made in any form to third parties through the contract (Tenants and residents would be considered third parties in this instance). In effect the tenants and householders are not parties to the relevant contracts and therefore have no losses under the contract. It is acknowledged that due to the complicated nature of construction projects delays to completion are not uncommon. This can be inconvenient for tenants and householders.

To minimise inconvenience and additional costs the Council exercises its legal rights under the relevant contracts to minimise such delays. Whilst delays can be inconvenient it is preferable for the Council to maintain its ongoing Capital Programmes of Works to ensure it adheres to mandatory legal requirements such as with regard to safety.

3.2.14 Should recompense be made that would be as a good will gesture agreed by all parties.

3.3 Best Practice Adopted by other local Authorities

3.3.1 Through SHOPS (Scottish Heads of Property Services), an umbrella group formed to discuss and support best practice in the provision of property services in Local Authorities in Scotland, a request was made to ascertain the practices adopted by any other Local Authority on this matter. The method adopted was for the motion to be circulated anonymously and responses invited by the property services of the Local Authorities to it.

3.3.2 16 property services from Local Authorities replied to the request out of 32 that the request was made to.

3.3.3 The summary of the responses are in the tabular form below

Comment	Yes	No
Policy to compensate tenants in contract	0	16
Response as to whether above policy would be enforceable	0	6
Ad hoc arrangements for compensation from contractor	1	9
Other Compensation	3	0
L&A damages enacted	16	0

3.3.4 The clear understanding is that

- a) no formal provision is made to recompense tenants through contractual arrangements from the Local Authorities who replied
- b) recompense is structured around the required clauses written within the contracts agreed by each authority and contractors (L&A damages)
- c) the recompense takes the form of ascertained damages which are deducted from the final account of the contract
- d) individual arrangements have been made on an ad hoc basis, and not on a contractual basis

3.3.5 Aberdeen City Council has already applied an 'ad-hoc' arrangement to compensate tenants and residents for delayed work in Hazlehead where the contractor has agreed to deliver some environmental works to improve the area on conclusion of the contract because of delays.

3.3.6 With the inability to seek compensation through contracts officers consider that the best solution is to continue to explore 'ad-hoc' arrangements similar to the approach described above at Hazlehead and to those taken by other Scottish Local Authorities.

4. FINANCIAL IMPLICATIONS

- 4.1 If the Committee approves the recommendations there are no financial implications to the Council as a result of this report. If the committee decides on a policy to recompense tenants as part of a policy the Council potentially may breach obligations in relation to the requirement to seek best value for expenditure of public money as it would be exceptionally difficult to cap such costs and agree upon settlements satisfactory to all parties. The impact on officer time across the Council would be significant and it could detract from the time spent implementing the Capital Works Programme.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report. Any future legal implications will be reported after an options appraisal as instructed in recommendation b). If the committee seeks to put in place a policy to compensate residents a legal basis for doing so would have to be determined as paying public in compensation potentially could be *ultra vires*. The rationale of providing compensation when there is no legal basis for doing so could lead to criticism and reputational damage.

6. MANAGEMENT OF RISK

- 6.1 These are the identifiable risks which may impact the decision being sought from the Committee.
- 6.1.2 **Financial** – There are no financial risks to the Council in agreeing the recommendations. All financial risk is to be met by the contractor.
- 6.1.3 **Employee** – There is no understood risk to an employee of the Council in agreeing to the recommendations.
- 6.1.4. **Customer / citizen** – There are no understood risks to Aberdeen’s citizens in agreeing the recommendations
- 6.1.5 **Environmental** – There are no environmental risks in agreeing to the recommendations.
- 6.1.6 **Technological** – There are no technological risks associated with agreeing to the recommendation.
- 6.1.7 **Legal:** - There are no legal risks associated with agreeing to the recommendations
- 6.1.8 **Reputational;** - There are no reputational risks associated with agreeing to the recommendations.

7. IMPACT SECTION

7.1 Neighbourhood Regeneration - Improving Customer Experience –

- 7.1.1 Not applicable to this report

7.2 Community development - Improving Customer Experience

7.2.1 Not applicable to this report

7.3 Corporate

7.3.1 Not applicable to this report

7.4 Public

7.4.1 Not applicable to this report

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

None

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources
DATE	1 December 2017
REPORT TITLE	Twinning & International Partnerships
REPORT NUMBER	CHI/17/263
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Dawn Schultz

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to bring before Committee applications for financial assistance from the International Twinning Budget 2017-18 and to make recommendations.

2. RECOMMENDATION(S)

- 2.1 That Finance, Policy & Resources Committee approve the following grants from the International Twinning Budget 2017-18:

- (a) Contribution of £10,000 towards 6 adults and 36 children from the Aberdeen Schools Rowing Association travelling to Regensburg, 6 – 13th April 2018.

3. BACKGROUND/MAIN ISSUES

- 3.1 These recommendations involve the allocation of funds made available from the 2017 -18 budget:

- 3.2 **Contribution of £10,000 towards 6 adults and 36 children from the Aberdeen Schools Rowing Association travelling to Regensburg, 6 – 13th April 2018.**

- 3.3 The Aberdeen Schools Rowing Association (ASRA) have been invited to Aberdeen's twin city of Regensburg to work with the established rowing community, specifically the Junior rowers and coaches from Regensburger Ruderklub and Regensburger Ruderverien.

- 3.4 ASRA are the only Junior rowing club in Aberdeen and are a well-established organisation within the British rowing community, with four current athletes representing Great Britain during 2017 and a further seven representing

Scotland. The Association intends to take a broad cross section of the age groups within ASRA to Regensburg to participate in this exciting twinning opportunity.

- 3.5 The timing of the twinning visit to Regensburg will see ASRA and Regensburger RuderKlub participate in the start of rowing season festival which is being held in Regensburg on Sunday 8th April 2018. Regensburg has two rowing clubs, which both have thriving Junior (Children) sections.
- 3.6 During the week-long visit to Regensburg, the children and coaches from ASRA will row and engage in activities with groups from Regensburger RuderKlub and Regensburger Ruderverien that will support the develop of cultural, educational and sporting relationships in the future.
- 3.7 ASRA's aim is to establish a lasting relationship with the Regensburg rowing community to enable them to create a positive image of Aberdeen City as a sporting and active city.
- 3.8 This twinning visit will provide an ideal opportunity to establish a new and lasting link between the rowing communities in Aberdeen and Regensburg, and to help further develop the existing relationships between the two cities with planned reciprocal visits.
- 3.9 The project outcomes being targeted are:
 1. To establish lasting relationships to help develop an International understanding between the two rowing communities in Aberdeen and Regensburg.
 2. To help breakdown social and economic barriers that exists across the group of children and coaches participating / attending from both Aberdeen & Regensburg.
 3. To promote the image of Aberdeen as a successful sporting and active community to the people of Regensburg & beyond.
- 3.10 If successful with this application, the twinning funding will be used to help develop sporting relationships between the two rowing communities, and in time it is hoped that the twinning visit will become part of ASRA's annual core program. Without external funding this will not be possible.
- 3.11 The impact of this twinning exchange will be to show Aberdeen as a successful and resourceful sporting community on the International stage, this may in turn encourage more overseas students from Germany to continue their studies at the University of Aberdeen.
- 3.12 It is planned that over the next three years that the twinning visits will become fully established, with ASRA planning to divert core program funding towards supporting annual twinning visits.
- 3.13 Total applying for:

Expenditure	
Flights – x 36 – Edinburgh to Munich – EasyJet - flight and hand luggage only	£5,400
Transport x 36 – Aberdeen to Edinburgh & rtn - transport from Aberdeen to Edinburgh & rtn for flights	£500
DFDS ferry – 2 x vehicles, 2 x trailers and 6 people - Newcastle to Imjuiden (Amsterdam), transport of rowing boats, safety launches and all main luggage	£1,200
Fuel for both vehicles towing boat trailers - Aberdeen to Newcastle, Imjuiden to Regensburg	£1,000
Accommodation on route from Imjuiden to Regensburg 2 rooms for 1 night both ways	£500
Hire of 2nd trailer large box trailer for safety launches and luggage	£480
Twinning visit hoodies and clear identification during travel and visit	£1,120
Transport Munich Airport to Regensburg and rtn (Coach) - cheaper than using public transport	£1,000
Accommodation and food Regensburg quote received from Regensburg Hostel for all meals and accommodation	£9,800
Total	£21,000
Income	
Fundraising and participants contributions	£2,000 + £9,000
Total	£11,000
Expenditure-Income	£21,000 - £11,000
Total Applying For	<u>£10,000</u>

4. FINANCIAL IMPLICATIONS

- 4.1 Full council approved the International Twinning Budget for 2017-2018 of £137,250. The approved budget from the Common Good Fund provides £102,000 of monies towards the support of twinning projects and/or visits. Remaining funds support the infrastructure of the programme, such as salary and ICT costs.

	Balance of budget available as at April 2017	£102,000
	Opening Balance	£62,791.50
i)	Contribution of £10,000 towards 6 adults and 36 children from the Aberdeen Schools Rowing Association travelling to Regensburg, 6 – 13th April 2018.	£10,000
	TOTAL	£10,000
	Closing Balance (if recommendations approved)	£52,791.50

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 Financial

A review of the financial systems used to administer the Twinning Grant was undertaken in July 2016. As per recommendations in the Local Code for Practice (Approved FPR Committee September 2015), Following the Public Pound Tier 4 procedures are adhered to:

- 6.1.1 “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.”
- 6.1.2 Following this review, existing measures were strengthened and new practices implemented to ensure that the Twinning Grant is fully accountable in its allocation of the public pound.

6.2 Employee

- 6.2.1 No risk identified.

6.3 Customer/Citizen

- 6.3.1 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

6.4 Environmental

- 6.4.1 No risk identified.

6.5 Technological

6.5.1 Twinning partners are encouraged to develop and maintain relationships through various technology platforms including web, Facebook and Instagram.

6.6 Legal

6.6.1 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 receives automatic updates with regards to situations in countries from the Foreign and Commonwealth Office (FCO) and is in close contact with counterpart officers in the twin cities to ensure information provided to participants is accurate and up-to-date. All travel guidance issued by the Twinning & International Partnerships Officer is based upon the advice of the FCO and local intelligence, such as the police and local government authorities. All individuals/groups that have been supported by the Twinning Grant must follow the advice of these authorities when visiting the twin cities, including changing travel or programme arrangements if required. If any of these authorities advice against travel to an area, then travel and the project must be postponed with immediate effect until it is deemed safe to continue.

6.6.2 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.

6.7 Reputational

6.7.1 Twinning & International Partnerships upholds the principles of the Common Good Fund. The cessation of the programme could result in failure to 'uphold the dignity of the city' and a breakdown in projects 'which are good for the community as a whole'.

6.7.2 Should this diverse and engaging programme 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 international partnerships could be at risk.

6.7.3 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.

6.7.4 The Twinning & International Partnerships Officer will provide a strong link between Aberdeen and our twin cities that also provides organisational support, advice and guidance when required.

6.7.5 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.

7. IMPACT SECTION

- 7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

Economy

- 7.2 The International Twinning Grant is funded through the Common Good Fund. Recommendations for grant allocations are presented to council committee and all reports detailing grant allocations are readily available through the council website.
- 7.3 Promoting and supporting international exchanges, involving various communities of interest, significantly contributes to Aberdeen City Council's vision and ambitions. This twinning project 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.

People

- 7.4 Twinning & International Partnerships supports the principles of the Common Good Fund:
- Upholding the dignity of the City: The expense of civic ceremonies; and of the provision of suitable hospitality on appropriate occasions and for appropriate persons, and guests would fall under this purpose;
 - Any other purpose which, in the bona fide and reasonable judgement of the Council, is for the good of the community as a whole, or in which the inhabitants at large may share: to be distinguished from the separate interest or benefit of any particular individual or group of people, however deserving or needy.
- 7.5 The Twinning and International Partnerships Officer works closely with internal departments to create partnerships and projects between Aberdeen City Council and twin cities, regularly working with the Education, City Events and Civic Teams amongst others.
- 7.6 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.

Place

- 7.7 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.

Technology

- 7.8 Twinning partners are encouraged to use technology to develop and maintain relationships with a number of partners developing websites, blogs and video diaries to keep dialogue open and continuing to share experiences.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

None

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources
DATE	1 December 2017
REPORT TITLE	City Events 2018 - 2019
REPORT NUMBER	CHI/17/266
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Dawn Schultz

1. PURPOSE OF REPORT:-

- 1.1 To seek approval for the 2018 -19 city events programme and associated budget subject to the normal budget process in February 2018.

2. RECOMMENDATION(S)

2.1 Members are asked to:

- (a) Approve the proposed events programme for 2018 – 2019 as detailed in Appendix 1;
- (b) Approve the proposed expenditure of £525,000 (as detailed in Appendix 1) from the existing Economic Development budget subject to the Council's budgetary process in February 2018;
- (c) Delegate authority to the Head Economic Development, in consultation with Head of Legal & Democratic Services, the Head of Commercial and Procurement and the Head of Finance to apply the criteria agreed by FP&R committee in December 2016, when considering all future event bids including three years of financial support for Nuart 2018 – 2020 subject to annual Council budget processes.
- (d) Note the impact of three key events in 2017 under the Aberdeen 365 strategy - NuArt, The Tour Series and the Great Aberdeen Run.
- (e) Approve the proposed expenditure of £100,000 per annum for three years to support the Nuart Festival, subject to the Council's annual budgetary processes;

- (f) Approve the proposed expenditure of £150,000 per annum for two years to support the Great Aberdeen Run, subject to the Council's annual budgetary process in February 2018.

3. BACKGROUND/MAIN ISSUES

3.1 Place Promotion

3.1.1 Securing the Future of the North East Economy – A 20-year Vision for the Wellbeing of the Place and Our People is the economic plan for Aberdeen and Aberdeenshire. A key objective of the Internationalisation Programme area is to improve the attractiveness of the city for international trade, investors and visitors, and in response there is a commitment to develop an events strategy to target international, national and regional events.

3.1.2 Delivering culture and tourism impacts, and to facilitate diversification into new national and international events, is also a key strand of CCMP delivery through the Aberdeen 365 Events Programme, the Broad Street public realm proposals, and the focus on development of a new arena and conference centre to anchor existing international event activity.

3.1.3 This report will aim inform members of the success of the three key events delivered under the Aberdeen 365 strategy, and advise how this approach will be applied going forward.

3.2 Aberdeen's Appraisal Criteria

3.2.1 A clear set of criteria has been adopted to inform which events, should be targeted to achieve the desired outcomes for Aberdeen.

3.2.2 As the Aberdeen 365 Strategy contributes directly to the national events strategy and the regional economic and tourism strategies, it is important that any event in Aberdeen delivers the objectives of the event itself (eg sporting, cultural); but also maximises the economic and 'legacy' impacts of staging that event, and growing the city's national and international reputation.

3.2.3 In making a decision to invest in an event, officers apply the following criteria:

- Alignment to economic/tourism and events strategies – does the event contribute to the strengths of the city and wider area;
- Visitor attraction potential – does the event have the potential to attract visitors from outside the area, and overnight stays/return visits;
- Economic impact – could the event generate a substantial economic benefit to businesses in the event and wider area;
- Media profile – does the event have the potential to attract media attention, advancing Aberdeen and the region's reputation nationally and internationally;
- Place shaping – does the event celebrate the distinctiveness of Aberdeen and the north east of Scotland and the built and natural environment;

- Funding – if the Council contributes, what added-value is there from that investment in terms of leveraging external funding (e.g. EventScotland, sponsorship) and in-kind support.

3.2.4 Any reprioritisation of events may involve stopping funding of some current events, improving on some existing events that demonstrate potential against the criteria, bidding for existing high profile national and international events and stimulating the development of new proposals to be funded via partners or other sources.

3.2.5 It takes at least three years for an event to be associated with a place and the economic and tourism benefits to be maximised. Successful events therefore require multi-annual funding streams and commitment and clarity around decision making.

3.3 **Aberdeen 365 – Aberdeen Events Group**

3.3.1 Following the establishment of the Aberdeen 365 group in summer 2017, already we are seeing the benefits of collaborative working through better internal and external coordination.

3.3.2 The group has been successful in providing structure to a number of external stakeholders who have an interest in events locally, nationally and internationally, and has provided an open forum to:

- Work with the operator of the new Aberdeen Arena and Conference Centre, SMG Europe to ensure that their conferencing and event attraction aims are supported through the partners represented;
- Collaborate with VisitAberdeenshire on activities including destination development and future marketing campaigns;
- Partner with Aberdeen Inspired in engaging city centre businesses to maximise the commercial opportunities associated with events held in the levy footprint;
- Input through Cultural Services into the Cultural Strategy being prepared by the sector in Aberdeen, which includes Aberdeen City Councils support for existing Aberdeen Festivals;
- Ongoing development and delivery of the tourism/events activity aligned to the City Centre Masterplan, and the Aberdeen 365 theme of a vibrant and exciting city.

3.3.3 The Aberdeen 365 group are currently creating a consolidated list of all the events across the region, so a clash diary is available for reference when considering the attraction and delivery of events in the future.

3.4 **The 2018 – 2019 Programme**

3.4.1 In 2017 the Aberdeen 365 Strategy focussed on developing a portfolio of three new key events that could be hosted in Aberdeen that would develop the city's offering as well as continuing to meet priorities within the existing events programme supported by Aberdeen City Council in recent years.

- 3.4.2 The events detailed in the city events programme (Appendix ONE) contribute to the common good of the city, are inclusive, maintain and develop the city's continued civic pride and showcase Aberdeen's ability to attract and host major cultural and sporting events.
- 3.4.3 The proposed programme of existing events for 2018 – 19 will be aligned to the principles of the events strategy and agreed criteria in the coming months, aiming for an incremental change in local authorities approach to event attraction, support and management in future years.
- 3.4.4 This will provide a standardised approach to events in the city, as well capacity in the existing programme where events are re categorised across four broad categories of:
- Headline events
 - Feature events
 - City events
 - Community events
- 3.4.5 This will provide a balance of city events that are well established in the Aberdeen calendar that continue to provide social and cultural benefits for Aberdeen that relate to the current or new facilities and infrastructure, while including new events that will support the growth and development of the events portfolio and reflect the ambitions of the city.

3.5 Nuart – April 2017

- 3.5.1 Nuart Aberdeen is a multi-award winning festival and, following on from its success in 2017, Aberdeen Inspired is working to secure its future in the city as an annual flagship festival from 2018 - 2020.
- 3.5.2 Nuart is an international contemporary street and urban art festival, held annually in Stavanger, Norway since 2001. It is widely considered the world's leading celebration of Street Art among its peers, and provides an annual platform for national and international artists who operate outside of the traditional art establishment.
- 3.5.3 Nuart in Stavanger consists of a series of citywide exhibitions, events, performances, interventions, debates & workshops surrounding current trends and movements in street art practice by some of the world's leading practitioners and emerging names. The artists who attend the festival are among the most acclaimed and progressive public art practitioners in the world.
- 3.5.4 Nuart produces both temporary and long-term public artworks, as well as facilitates dialogue and action between a global network of artists, academics, journalists and politicians. Our core goal is to help redefine how we experience both contemporary and public art: to bring art out of museums, galleries and public institutions onto the city streets.

3.5.5 Nuart aims to provide an internationally relevant, challenging and dynamic environment for artists, students, gallery goers and public alike; an event that aims to reflect the culture as well as participate it helping define it.

3.5.6 Close consideration has been given to how Nuart Aberdeen fulfils and exceeds the aspirations set out in the Aberdeen 365 Strategy, and the City Centre Masterplan. These strategies set out the need to develop a programme of events that enhances the Aberdeen's growing reputation as a festival city as well as its reputation as a tourism and visitor destination.

3.5.7 Widely considered to be one of the largest BID led projects of its kind, the need to embed a long lasting legacy at its heart remains a key component of the Nuart festival in Aberdeen.

3.5.8 The festival captured the hearts and minds of people from across the city in an unprecedented way and attracted visitors from across the country. The Aberdeen and Grampian Chamber of Commerce conducted an independent evaluation that shows:

- Over 80% of respondents agreed that Nuart Aberdeen had increased their pride in Aberdeen as a place to live;
- Over 85% of respondents agreed that Nuart Aberdeen made the city more progressive, advanced and radical;
- Over 75% of respondents agreed that the festival was effective in bringing communities together;
- Nearly 90% of respondents believe that the festival improves their perceptions of Aberdeen's art and culture offering.

3.5.9 The aspiration is to curate and position Nuart Aberdeen as one of Aberdeen's headline events and one of the UK's most credible and well respected street art festival, placing the Granite City at its heart. It is this aspiration for Nuart Aberdeen, as a product, that Aberdeen Inspired believe creates a significant tourism opportunity to attract visitors from across the region and the country, promoting Aberdeen as the place to visit for high quality, transformational and powerful street art. In close collaboration with key stakeholders, including Aberdeen City Council and Visit Aberdeenshire, as well as local businesses and resident artists, there are ambitions to grow the festival, incorporating an enhanced community programme that seeks to create a greater legacy within communities, working with visiting and resident artists.

3.5.10 Visitor Attraction Potential:

- Aberdeen Inspired seeks to work with numerous stakeholders, including Visit Aberdeenshire and the Chamber of Commerce to present opportunities for visitors to come to Aberdeen during and after each festival. There is strong evidence that Nuart, if delivered annually presents significant possibilities to attract visitors in particular from across the UK and Europe;
- The AGCC evaluation shows that 93% of respondents rated the festival as excellent or very good while almost 90% of respondents would return to the city if the festival were to be repeated.

- There is a plethora of evidence on social media which demonstrates the continued appetite, of the local populace and past visitors, for more Nuart Aberdeen.

3.5.11 Economic Impact:

- Evidence is still being document from businesses that have benefitted over the summer from the legacy left by the festival, including venues on the Green nearby the Herakut production;
- Increased visitors have been documented as part of the weekly walking tours that have took place over the summer;
- Many local businesses have given in-kind contributions to the festival and have benefitted from increased patronage and profile.

3.5.12 Media Profile:

- The festival received global interest from many international outlets including The Independent, the Huffington Post, Juxtapoz, Brooklyn Street Art and the BBC. Following the festival, PR Agency Jasmine confirmed that Nuart Aberdeen had generated a minimum of £100,000 worth of positive media;
- Discussions are ongoing as to how to maximise and targeting the potential of further positive media.

3.5.13 Place Shaping:

- Even in its first year, Aberdeen has become synonymous with the Nuart brand, a brand which is globally recognised. Due to the unprecedented and transformative impact on Aberdeen city centre, Nuart Aberdeen has won multiple awards including:
- the much coveted European BID of the Year 2017 by the German Chamber Association of Commerce;
- UK Association of Town and City Management Innovation Prize;
- British BIDs Award for Place Management;
- Visit Scotland's Award for Tourism.

3.6 The Tour Series – May 2017

3.6.1 Following committee approval in December 2016, Aberdeen hosted the first Tour Series event in a three year programme in May 2017. This event was identified through the agreed criteria as providing the city with economic impact and exposure at a national and international level.

3.6.2 The event saw ten teams of the UK's best riders competing in hour long races or criteriums on a city centre circuit for an overall 'Fastest Team' in the country accolade. This was the first time that elite cycling was available in Aberdeen, and officers from across Council services worked to expand the event into a wider celebration of cycling and encouraging business, spectator and community participation. Through this model the Tour Series and in conjunction with Scottish Cycling, this event enabled the delivery of support

races and activities providing a 'celebration of cycling' and a platform for corporate participation and promotion of Aberdeen as an active city.

- 3.6.3 Due to broadcast scheduling commitments, the event was scheduled on a Thursday, and will also be held on a Thursday 17th May 2018 in Aberdeen City Centre. For logistical reasons, Sweetspot can't commit to the Friday/Saturday in Aberdeen for 2018, as they need to head south on the Friday ahead of a race in the NE of England that weekend, as per last year's build/broadcast schedule.

Sweetspot were hoping that there would be 3 rounds in Scotland in 2018, which would change things, but that hasn't come off, however it is still something they are keen to achieve in 2019.

The Thursday, with teams staying in the city from Wed - Friday is the best workable option overall, and they are excited to work with ACC again.

They are also keen to include a women's pro race for 2018, which will be a positive addition to the event overall if it can be accommodated.

- 3.6.4 The economic impact report undertaken by Frontline of the 2017 Aberdeen event indicates the following:

- 10,000 spectators attended the event, with 29% coming from outwith Aberdeen;
- 90% of the audience described the race as very enjoyable, with 48% coming to watch the event with their families;
- The average spend per day by visitors was £47.36, with overnight visitors spending £103.97 per group;
- 63% of people said they were inspired to cycle more often following the event; with the event rated 4.8/5 for enjoyment;
- The net visitor expenditure of the event on the Aberdeen economy was £141,504.

- 3.6.5 Each round is broadcast on ITV4 (including live streaming on ITV.com and access on ITV Player) and Eurosport UK and across 60 international markets, which in turn provides an additional platform for the promotion of the regional tourism offer and the city centre. Highlight shows are run every evening after every round, and each episode provides coverage of the race and a local tourism segment.

- 3.6.6 Average viewing for the 2017 series was 204,800 with the repeat show averaging 41,400. The Tour Series highlights broadcast on ITV4 total reach was in excess of 2.4m viewers, with Aberdeen's total views at 227,000. The event receives extensive coverage in national print media, regional television and radio, as well as cycling press.

3.7 **The Great Aberdeen Run – August 2017**

- 3.7.1 Following committee approval in September 2016, Aberdeen hosted the first Great Aberdeen Run event in a three year programme in August 2017. This

event was identified through the agreed criteria as providing the city with economic impact and exposure at a regional and national level.

3.7.2 The event saw 7,800 participants take part in a half marathon, 10k and family run. In year one all of the events reached their capacity, and relationships were formed with local partners including Sport Aberdeen, Aberdeen Journals and Northsound to support the promotion and delivery of the event.

3.7.3 No economic impact report was commissioned in year one of the event, however the post event participant survey provided the following insights:

- 95% graded the event as good/excellent on a 5 point scale;
- 20% of the runners raised money for charity – an estimated £940,000 will have been raised;
- 1,800 participants came from outwith AB postcodes;
- 80% respondents dined out in Aberdeen during their attendance at the event;
- Average spend per participant was £123.50 – 45% higher than the Great Run average of £85;
- Average party size was 3.1 – indicating approx 23,250 people attended the event on the day
- 99% respondents said they would like to see more large scale events in Aberdeen.

3.7.4 The proposed date for the Great Aberdeen Run in Aberdeen is Sunday 26th August 2018, and discussions are already underway to develop the Business Challenge, strengthen the relationship with the Active Aberdeen Partnership and grow support within the local media, and business community to encourage more people to visit Aberdeen on the day of the event.

3.7.5 Going forward the partners supporting the event will seek to open discussions regarding televising the event, to better understand the financial implications of this ambition in the future.

3.8 Parks and Open Spaces

3.8.1 The City Events Team continues to manage the booking and safe delivery of events by external organisers in Aberdeen, under the terms of the report agreed by the CH&I Committee in March 2015.

3.8.2 Monies generated through the hire of public spaces is used to enhance the facilities within our public spaces so they continue to be fit for event organisers purposes, as well as support for new and existing events that meet with the agreed Aberdeen 365 criteria, as detailed previously.

3.8.3 The monies generated change annually due to the weather conditions, and the availability and suitability of the spaces in Aberdeen to host outdoor events.

3.8.4 Working in partnership with colleagues in Environmental Services, Road Services and Licensing the team are keen to raise awareness of the great

public spaces that exist in Aberdeen, while working to maintain and protect them for use of the residents of, and visitors to the city.

4. FINANCIAL IMPLICATIONS

- 4.1 The Aberdeen 365 Events Strategy seeks to significantly raise the level of ambition of events in Aberdeen - the City Centre in particular - as part of the implementation of the CCMP, and to raise profile, and achieve economic and community benefit.
- 4.2 As well as the events budget of £525,000 within the existing Economic Development service budget, an opportunity has arisen to support the delivery of the Nuart Festival for a further three years. A contribution of £100,000 per annum to match Aberdeen Inspired's contribution is requested, in addition to the external funding being sought.
- 4.3 A further contribution of £150,000 is sought from the Council's budget, subject to the normal process to support the annual delivery of the Great Aberdeen Run in 2018 and 2019.
- 4.4 Economic Development will look to meet the costs of the support activity associated with the Tour Series from within existing budget commitments.
- 4.5 It should be noted that there are significant budgetary pressures placed on all individual event budgets due to the costs associated with production services, traffic management, and the provision of essential events support - stewarding, security, medical and local authority obligations under Health and Safety legislation.

5. LEGAL IMPLICATIONS

- 5.1 The risk to the Council would be managed through specific contracts for each event between the organiser and the Council. This would be drafted in conjunction with the Head of Economic Development, Head of Legal and Democratic Services and the Head of Commercial and Procurement Services.
- 5.2 Any such agreement will seek to mitigate financial risk to the Council and the necessary procurement processes will be undertaken to adhere to procurement legislation and the internal Procurement Regulations as well as the Financial Regulations.
- 5.3 There is a reputational risk to the Council if an event does not develop as planned. This is mitigated by the experience of Council officers in securing and supporting the delivery of international events and a robust internal and external communications plan for any and all events.
- 5.4 Aberdeen's city events programme is key to the destination promotion that Aberdeen City Council, VisitAberdeenShire, Aberdeen Inspired and VisitScotland currently undertake.

5.5 Should this diverse and engaging programme 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

6. MANAGEMENT OF RISK

6.1 Financial

6.1.1 Any event contracts will seek to mitigate financial risk to the Council and the necessary procurement processes will be undertaken to adhere to procurement legislation and the internal Procurement Regulations

6.2 Employee

6.2.1 The City Events team is currently staffed by one full-time Senior City Events Officer, two full-time City Events Officers and one full-time City Events Executive. The successful delivery of the city events programme is dependent on a fully-staffed team.

6.2.2 Events are a core part of Aberdeen City Council's business as a large number of services are responsible for supporting the organisation, management and delivery of the events programme, which is a key strand of the Regional Economic Strategy.

6.2.3 To ensure the most appropriate use of staff time and resources in delivering events in Aberdeen, officers from the team work with colleagues in other Council services including Economic Development, Cultural Services, Licensing, Environmental Services and Traffic Management to ensure the safe coordination and delivery of events.

6.2.4 The City Events team also works closely with a number of partners including EventScotland, VisitScotland, Aberdeenshire Council, Visit Aberdeenshire, the Aberdeen City and Shire Hotels Association (ASCHA) and Aberdeen Inspired so that events held in Aberdeen present opportunities accessible to local business and offer exciting activities to support the weekend leisure destination break market and maximise the opportunities for securing net additional benefit to businesses in the city and wider region.

6.3 Customer/Citizen

6.3.1 Events and participation by the Council provide an opportunity to promote and enhance the long-term economic prosperity of Aberdeen and the wider region by attracting additional visitors to the city on account of the event. In turn this attracts additional commercial activity in the city and officers will work with business customers to maximise both the benefit of the event on city-centre businesses and provide information on the event itself.

6.3.2 Supporting and delivering a diverse programme of city events is expected to improve the customer experience by:

- Enhancing the reputation of the city for staging local, national and international festivals and events;

- Better positioning of Aberdeen as a leisure tourism destination for those looking for new and unique event experiences
- Providing city infrastructure that attracts and supports external event organisers

6.4 **Environmental**

No risks identified.

6.5 **Technological**

No risks identified.

6.6 **Legal**

As above.

6.7 **Reputational**

6.7.1 Collaborating with local, regional and national partners improves our use of resources and maximising financial leverage to secure an event. By working in partnership the Council is able to share the workload and take lead or supporting roles where appropriate, without compromising the level of service delivered.

6.7.2 The Council is a member of VisitAberdeenshire and Aberdeen Inspired. At a strategic level, it has a key role in the long-term development of tourism in the city and north east of Scotland. Aligned to this, is its corporate role in providing confidence to the events market that the Council supports the attraction of the 'right' event for the city, and the contribution to wider economic, tourism and City Centre Masterplan objectives.

7. **IMPACT SECTION**

7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 **Economy**

By applying these criteria, capacity could be created in the events programme in future to develop opportunities to secure sources of external funding to support the development of an events programme that maximises economic benefit for the city and wider region, and showcases a legacy that showcases the region's capability on the national and international event stage.

7.3 **People**

Neither a Equality and Human Rights Impact Assessment nor a Privacy Impact Assessment is required for this report. There may be some public/media interest in the parts of the city events programme that involve participation by Elected members and/or officers.

7.4 Place

As well as the benefits of this approach to the delivery of the events programme itself, outwith the region it will provide a positive signal that Aberdeen is a nationally and internationally competitive location for specific events (international, national and regional).

Aberdeen's city events programme is key to the destination promotion that Aberdeen City Council, VisitAberdeenShire, Aberdeen Inspired and VisitScotland currently undertake.

Should this diverse and engaging programme 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.

7.5 Technology

The use of technology in the development and delivery of events in the city will be given consideration, as the Council moves to secure a digital partner in the future.

8. BACKGROUND PAPERS

Aberdeen Inspired – NuArt Report
NuArt Media Report – Jasmine
Aberdeen Chamber of Commerce NuArt Report
Great Aberdeen Run Debrief Report
Frontline Economic Impact Report – Aberdeen Tour Series

9. APPENDICES (if applicable)

None

10. REPORT AUTHOR DETAILS

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Appendix ONE - City Events Programme 1 April 2018 – 31 March 2019

DATE	EVENT	REVENUE BUDGET	COMMON GOOD FUND	NOTES
April 2018 – March 2019 – separate diary	Events in parks and open spaces	N/A	N/A	CH&I Committee 18 March 2015 - Aberdeen City Council operates a pricing structure for hire of the city parks/open spaces; these costs are £68.75 / £137.50 / £275 / £550 / £1100.
13 15 th April 2018	NuArt Street Art Festival	N/A	N/A	Request detailed in this report for financial assistance 2018 – 2020 to support 3yr contract.
Thursday 17 th May 2018	The Tour Cycling Series	N/A	N/A	3yr event fee agreed in 2016 CCMP budget. EventScotland also providing a contribution to the event fee. Delivery costs for the event to be met from existing Economic Development budget subject to 2018 -2019 budget.
Sunday 17 th June 2018	Aberdeen Highlands Games,	£80,000	-	

(Father's Day)	Hazlehead Park			
Saturday 23 rd June 2018	Armed Forces Day, Union Street	-	£10,000 + grant from MOD (grant is not guaranteed)	MOD grant was significantly reduced in 2017 due to budget constraints.
Date in June/July 2018 to be agreed	BP Big Screen, Duthie Park	£20,000	-	BP seeking 3 -5 year relationship with ACC to continue to grow and develop public screenings.
Saturday 25 th 2018	Celebrate Aberdeen, Union Street/Union Terrace Gardens	-	£20,000	ACC and organiser working together develop event.
Sunday 26 th August 2018	Great Aberdeen Run	N/A	N/A	Request detailed in this report for financial assistance 2018 – 2019 to support 3yr contract.
September – October 2018	Community Festive Fund	£25,000	£4,000	
Monday 5 th November 2018	Aberdeen's Fireworks Display, Aberdeen Beach	£20,000	£25,000	
Thursday 22 nd November 2018	Christmas Tree Switch On, Castlegate	£7,000	-	
November – December 2018	Christmas Village, Broad Street		£150,000	FP&R committee June 2016 approved a three year contract from 2016 – 2018 with Aberdeen Inspired.

Sunday 25 th November 2017	Christmas Lights Switch On Parade, Union Street	£25,000	-	
1 st – 24 th December 2018	Twelve Days of Christmas Wooden Sculptures		£5,000	Storage, installation and removal costs.
Monday 3 rd December 2018	Nativity Scene, St Nicholas Kirkyard	-	£5,000	
Saturday 15 th December 2017	Carol Concerts, David Welch Winter Gardens, Duthie Park	£4,000	-	
31 December 2018	Hogmanay Celebrations, City Centre	-	£75,000	
Total		£181,000	£294,000	

Other expenditure

DATE	ACTIVITY	REVENUE BUDGET
April 2018 – March 2019	Summer and winter marketing activity	£30,000
Annual fee	Performing Rights Society for Music (PRS)	£10,000
	Events equipment	£10,000
Total		£50,000

TOTAL BUDGET - £525,000

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	FCHJU Fuel Cell Bus Commercialisation Project
REPORT NUMBER	CHI/17/260
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Laura Paterson

1. PURPOSE OF REPORT:-

- 1.1 To update Members on current and future funds available to support the FCHJU Fuel Bus Cell Commercialisation Project (JIVE).

2. RECOMMENDATION(S)

- 2.1 It is recommended that Members:

- a) Note a confirmed contribution of £3,000,000 from the Scottish Government towards the project;
- b) Note the current position of the Bus Operator's Agreement and Financial Contribution;
- c) Approve participation in the Office of Low Emission Vehicles (OLEV)'s HTP Grants Programme to further develop the JIVE Project and, pursuant to such participation:
 - i) Submission of an application to OLEV to secure additional funding of £1,195,137 to support the development of the JIVE project;
 - ii) Expenditure of that grant funding and £1,792,000 from budget approved from the Non-Housing Capital Programme on 23 August 2017;
 - iii) The signing of or entry into legal agreement or other documentation, subject to approval by the Head of Legal and Democratic Services in consultation with the Head of Economic Development.

3. BACKGROUND/MAIN ISSUES

- 3.1 The development of the JIVE project was subject to financial contributions from external bodies as detailed at FPR Committee 9 March 2017.

- 3.2 The Scottish Government confirmed a financial contribution of £3,000,000 to support the implementation of the JIVE Project, in an Offer of Grant letter dated 23 March 2017.
- 3.3 Procurement for buses is currently being undertaken. It is anticipated that a decision for the preferred supplier will be made in December 2017. The projected contribution from bus operators will be determined by this decision. The bus purchase forecasts may be lower than originally estimated which would result in higher contribution to the project. Members will be updated with the preferred supplier and contribution at future committee following this procurement process.
- 3.4 Officers were also instructed to investigate further external funding to alleviate the financial constraint on Aberdeen City Council to develop the project. The UK Government's Office for Low Emission Vehicles (OLEV) have launched a funding programme to support the development of hydrogen transport and refuelling stations. An application is being developed which would expand Aberdeen's existing infrastructure to cope with additional hydrogen vehicles. It is anticipated that the outcomes of an application will be known by January 2018.

4. FINANCIAL IMPLICATIONS

- 4.1 The project has budgeted costs of £7.2million and assumed grant support of £4.7million.
- 4.2 The Scottish Government has provided a grant of £3,000,000 to support the project.
- 4.3 Members approved an allocation of £2,500,000 towards the project from the General Fund Capital budget at Council on 23 August 2017.
- 4.4 A successful application to OLEV's HTP Grants programme would result in external funding of £1,195,137 to support the project. The remaining 60% would be invested from budget allocated from the General Fund Capital (£1,517,000) and the Hytrec2 project budget, which is funded by the Interreg North Sea Region Programme (£275,000). Participating in this programme would reduce the contribution by Aberdeen City Council appropriated from the General Capital Fund from £2,500,000 to £1,517,000.

5. LEGAL IMPLICATIONS

- 5.1 Entry into any grant agreement is subject to review and approval by the Head of Legal and Democratic Services in consultation with the Head of Finance.

6. MANAGEMENT OF RISK

- 6.1 Financial
The Projects, Partnerships & Funding Team have significant experience of working with external funding bodies, working with delivery teams to ensure

funding programme compliance which secures the payment of external funds. There should no financial risk should less funding be required.

Risk – Low

6.2 Employee

Staff who are involved in this project have the necessary Project Management skills attained through internal and external bodies.

Risk – Low

6.3 Customer/Citizen

Hydrogen transport significantly reduces noise and air pollution in the city which has a positive impact on the health of citizens.

Risk – Low

6.4 Environmental

The development of hydrogen technology offers transport options with zero emissions and reduction in harmful pollutants.

Risk – Low

6.5 Technological

The JIVE project aims to commercialise hydrogen fuel cell vehicles in Europe while the OLEV bid intends to create a market for the production of renewable hydrogen production in the North East of Scotland. The OLEV bid will reduce carbon emissions during the hydrogen production process which will ultimately reduce the price of the fuel, making it more attractive to consumers. Key Performance Indicators will be introduced to the project to measure these benefits.

Risk – Medium

6.6 Legal

All grant agreements are subject to review by the Head of Legal and Democratic Services in consultation with the Head of Finance. Only risk which may occur is if grantees fail to adhere to the grant agreement conditions.

Risk – Low

6.7 Reputational

Aberdeen is renowned as a European driver of hydrogen technology. The continued development of this technology ensures that the city maintains its international reputation as a leader in hydrogen technology.

Risk – Low

7. **IMPACT SECTION**

7.1 ECONOMY

7.1.1 This project links into the North East's Regional Economic Strategy: "Further diversification into alternative energy technologies must be accelerated to complement work already being undertaken in shale gas, tar sands, hydrogen

fuel cell supply chain opportunities, energy and carbon capture and storage and decarbonising food production.”

7.1.2 This project was detailed within the Strategic Infrastructure Plan as one of the projects with substantial direct involvement from Aberdeen City Council that contribute to economic growth. It will also offer many opportunities for joint working with partner organisations on projects. One of the key successes of the hydrogen projects to date is the public/private partnerships which have been developed. Without this collaborative approach the aims of Aberdeen City Region’s Hydrogen Strategy cannot be delivered. The External Funding Plan reinforces the importance of joined up partnerships at local, national and international level.

7.2 PEOPLE

This proposal will benefit both the operators and the general public in future by providing clean, quiet, zero emission buses and improving air quality in the city. This has a positive impact on the health and wellbeing of citizens.

7.3 PLACE

This project is of interest to the public in terms of the potential economic and environmental benefits that hydrogen and fuel cell technologies can bring to the City including job creation as well as air quality improvements. Significant local and national air quality benefits can be derived from the deployment of low carbon vehicles offering zero exhaust emissions, reducing harmful pollutants such as nitrogen oxides (NOx), sulphur dioxides (SOx) and particulate matter (PM₁₀).

7.4 TECHNOLOGY

This project also links Aberdeen City Region Hydrogen Strategy and the transport and energy priorities within Aberdeen – the Smarter City Vision to “define the image of an international 21st century energy city, leading a new leaner, cleaner, industrial revolution using the intensity of our social, business and community connection” and taking “a European lead in adapting new transport technologies” to “provide and promote a sustainable transport system, including cycling, which reduces our carbon emissions”.

8. BACKGROUND PAPERS

CHI/16/258
CHI/17/050
CG/17/084

9. APPENDICES

n/a

10. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy & Resources
DATE	1 st December 2017
REPORT TITLE	Protective Monitoring
REPORT NUMBER	CG/17/121
CG LEAD OFFICER	Steven Whyte
REPORT AUTHOR	Norman Hogg

1. PURPOSE OF REPORT:-

- 1.1 To provide assurance that Protective Monitoring is performed in line with legislation and best practice.

2. RECOMMENDATION(S)

- 2.1 That the committee note, review and agree the following documents, attached as appendices, which make up the suite, 'Protective Monitoring':

Protective Monitoring Policy
Protective Monitoring Privacy Impact Assessment
Protective Monitoring Risk Assessment
Protective Monitoring Human Rights Impact Assessment
Protective Monitoring Access to Information Procedure
Access to Information Guide and Form

3. BACKGROUND/MAIN ISSUES / OTHER HEADINGS AS APPROPRIATE

- 3.1 Protective Monitoring (using event data to identify potential security issues) within ICT is an essential requirement. To not exercise protective monitoring would put the council at extreme risk, would find the council falling foul of the Data Protection Act, be against best practice and be negligent in their duty of care.
- 3.2 Monitoring however must be a balance between protecting the business and the individual while at the same time respecting the rights of those individuals under such legislation as the Human Rights Act 1998
- 3.3 The documents created and supplied for review:
- Identify why, what and how we monitor.
 - Demonstrate that we have thought about this (due diligence).

- Demonstrates that we have processes in place.
- Demonstrates that protective monitoring protects both the business and the individual.

3.4 The council is on a programme of digital transformation and the Government state a Cloud First policy. This by its nature shifts the boundary of the network and it becomes even more important to implement sound protective monitoring strategies within the organisation.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications.

5. LEGAL IMPLICATIONS

5.1 The suite of documents has been passed to Legal and Democratic Services for Review.

5.2 Various Acts are referenced in the suite of documents and listed here in Summary:

5.3 Acts

- The Data Protection Act 1998
- General Data Protection Regulation
- The Computer Misuse Act 1990
- The Copyright, Designs and Patents Act 1988
- The Health & Safety at Work Act 1974
- The Human Rights Act 1998
- The Regulation of Investigatory Powers (Scotland) Act 2000
- Telecommunications (Lawful Business Practices) (Interception of Communications) Regulations 2000 (LBPR).

5.4 Standards

- ISO27001/2 (Information Security standards)
- PSN (Public Services Network standards)

5.5 Regulations

- PCI DSS (Payment Card Industry Data Security Standard)

5.6 Best Practice Guides

- National Cyber Security Centre (NCSC) Good Practice Guide 13 - Protective Monitoring (GPG 13)
- Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.

6. MANAGEMENT OF RISK

Financial

- 6.1 There are no financial risks to the Council in agreeing these recommendations.

Employee

- 6.2 By agreeing the recommendations risks are minimised for the employee due to policy, procedure and supporting material being documented and communicated.

Risk - Low

Customer / Citizen

- 6.3 There are no risks to the customer / citizen in agreeing these recommendations.

Environmental

- 6.4 There are no environmental risks in agreeing these recommendations.

Technological

- 6.5 There are no technological risks in agreeing these recommendations.

Legal

- 6.6 By agreeing the recommendations legal risks are minimised due to evidence of due diligence and consideration of the listed acts and regulations.

Risk - Low

Reputational

- 6.7 There are no reputational risks to the Council in agreeing these recommendations.

Other

- 6.8 The document 'Protective Monitoring Risk Assessment' further highlights the risks to the business and to the individual in performing or not performing protective monitoring.

7. IMPACT SECTION

7.1 Economy

- 7.1.1 Protective Monitoring is one aspect of securing the customer data entrusted to us and has a positive impact on the local economy. Securing customer data underpins the digital aspects of the local economy.

7.2 People

7.2.1 Protective Monitoring is one aspect of securing the customer data entrusted to us and therefore has a positive impact for our customer.

7.3 Place

7.3.1 Protective Monitoring is one aspect of securing the customer data entrusted to us. All customers including investors and visitors to the City expect their data to be appropriately secured.

7.4 Technology

7.4.1 Implementing and extending protective monitoring as new technology is introduced is essential in ensuring security is maintained as per best practice.

8. BACKGROUND PAPERS

8.1 Various documents are referenced within the appendices and listed here in Summary:

8.2 Standards

- ISO27001/2
- PSN

8.3 Regulations

- PCI DSS

8.4 Best Practice Guides

- National Cyber Security Centre (NCSC) Good Practice Guide 13 - Protective Monitoring (GPG 13)
- Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.

9. APPENDICES (if applicable)

CG.17.121 - Appdx 1 Protective Monitoring Policy

GC.17.121 - Appdx 2 Privacy Impact Assessment

CG.17.121 - Appdx 3 Risk Assessment

CG.17.121 - Appdx 4 Access to Information Procedure

CG.17.121 - Appdx 5 Access to Information Guide and Form

10. REPORT AUTHOR DETAILS

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CORPORATE POLICY

PROTECTIVE MONITORING

Date Created:	October 2017	
Version:	V1.1	
Location:		
Author (s) of Document:	Norman Hogg, Security Architect	
Approval Authority	Finance, Policy and Resources Committee	
Scheduled Review:	October 2018	
Changes:	Month YYYY	Brief description of changes

What is this policy for?

This policy defines how Aberdeen City Council aims to detect and prevent potential security incidents, whether technical attacks or abuses of business process. This policy does not describe specific events collected, but documents the requirements for collection and analysis in relation to protective monitoring and intrusion detection.

Who is this policy for?

This policy applies to all staff, agency staff, elected members, contractors and sub-contractors, and to any person, without exception, who uses or requires access to the Aberdeen City Council Information Technology, Data Assets or associated Infrastructure.

Why do we need this policy?

Protective monitoring is an essential component of risk management. Various pieces of legislation and codes of practice, including the Data Protection Act (1998), and ISO 27001/2 Standards for Information Security Management Systems, impose a duty on Aberdeen City Council to protect its information assets and provide the assurances that appropriate controls are in place. It is recommended in a number of regulatory and industry best-practices, such as the Payment Card Industry Data Security Standard (PCI DSS) and Cyber Security Essentials. It is also a requirement for connection to the Public Services Network (PSN) that such a policy exists.

Protective monitoring underpins the Shaping Aberdeen Corporate vision by aiming to protect the data that has been entrusted to us by our customers.

What does it mean for the Council? (Policy Statement)

Monitoring, which includes the routine supervision of performance and staff behaviour extends to the use by staff of IT equipment or infrastructure provided by the organisation for business purposes.

Protective Monitoring is a lawful and ethical practice used to assist Aberdeen City Council in the protection of its staff, assets and information and to assist in the investigation of misconduct or criminal activity. As such the audit systems may monitor and record all computer based actions conducted using any piece Aberdeen City Council IT equipment or infrastructure.

This policy defines the monitoring and auditing of staff activity to ensure all staff comply with Council Policies and Procedures, and with the standards of behaviour expected by Aberdeen City Council.

This policy does not over-ride any existing policies nor negate any existing guidance regarding information security, data protection or acceptable use. It supplements such policies but with a specific focus on the protective monitoring of the Aberdeen City Council network, and the data held within or transported by it.

The main aims and objectives are:

- To ensure the data integrity of the information held.
- To enhance operational security.
- To identify misuse.
- To monitor exceptional usage.
- To support intelligence led investigations.

- To protect the Council by providing the Fraud Team the means by which they can effectively seek out those who abuse their position for personal gain or benefit of others.
- To protect Council information and assets from malicious or accidental disclosure

All users must note that the monitoring will include any personal use staff make of Council computer equipment or infrastructure, even if undertaken in their own time

How will we make it happen?

PROTECTIVE MONITORING CONTROLS

The implementation of protective monitoring for the Aberdeen City Council network has been aligned to the requirements of the National Cyber Security Centre (NCSC) Good Practice Guide 13 - Protective Monitoring (GPG 13), as recommended by the UK government. It also aligns with the Information Commissioner's Employment Practices Code, Part 3: Monitoring at Work.

Aberdeen City Council shall implement Protective Monitoring Controls (PMCs) in accordance with the guidance documented in the GPG 13. The PMCs are summarised below and detailed further in Appendix I (see page 5):

- PMC1 Accurate time in logs
- PMC2 Recording relating to business traffic crossing a boundary
- PMC3 Recording relating to suspicious activity at a boundary
- PMC4 Recording of workstation, server or device status
- PMC5 Recording relating to suspicious internal network activity
- PMC6 Recording relating to network connections
- PMC7 Recording of session activity by user and workstation
- PMC8 Recording of data backup status
- PMC9 Alerting critical events
- PMC10 Reporting on the status of the audit system
- PMC11 Production of sanitised and statistical management reports
- PMC12 Providing a legal framework for Protective Monitoring activities

How will we know if it's working?

Statistics are gathered by the Security Architect and provided in the quarterly Information Governance Report. These statistics show the level of identified threat and the number of incidents of significance. A rise in the level of incidents may indicate the solutions are not working, in which case further investigations will be carried out.

How will we manage any risks that affect this policy?

IT Risk Register

The risks to the Council from a failure to perform adequate Protective Monitoring are outlined in the Corporate Governance IT Risk Register, which is managed by the Council's Senior Information Risk Owner (SIRO). This Register is used to document known IT risks of significance and to ensure that the measures and actions identified are controlled and mitigated. [See Protective Monitoring Risk Assessment \(Hyperlink when on Zone\)](#)

Service Risk Registers

Information Asset Owners are responsible for managing risk to the information assets that they are responsible for, these risks are managed through Service Risk Registers and included in Business Continuity planning and disaster recovery arrangements wherever appropriate.

Strategic Risk Register

Information management and security also pose a strategic risk for the Council and this is recorded in the Strategic Risk Register. The SIRO provides the Council's Corporate Management Team with regular updates on the strength of controls in place against this risk.

How will we make sure this policy is kept up to date?

This policy will be reviewed annually by the Council's Security Architect to ensure that it meets requirements of the business, accountability and standards of best practice.

Related Policy Document Suite

Policy and Strategy

- [ICT Acceptable Use Policy](#)
- [Employee Code of Conduct](#)

Procedures

- [Access to Information Procedure](#) (Hyperlink when on the Zone)

Forms

- [Access to Information Request](#) (Hyperlink when on the Zone)

Assessments

- [Protective Monitoring Privacy Impact Assessment](#) (Hyperlink when on the Zone)
- [Protective Monitoring Risk Assessment](#) (Hyperlink when on the Zone)

Related Legislation and Supporting Documents

Acts

- [The Data Protection Act \(1998\)](#)
- [General Data Protection Regulation](#)
- [The Computer Misuse Act \(1990\)](#)
- [The Copyright, Designs and Patents Act \(1988\)](#)
- [The Health & Safety at Work Act \(1974\)](#)
- [The Human Rights Act \(1998\)](#)
- [The Regulation of Investigatory Powers \(Scotland\) Act 2000](#)
- [Telecommunications \(Lawful Business Practices\) \(Interception of Communications\) Regulations 2000 \(LBPR\).](#)

Standards

- [ISO27001/2](#)
- [PSN](#)

Regulations

- [PCI DSS](#)

Best Practice Guides

- [National Cyber Security Centre \(NCSC\) Good Practice Guide 13 - Protective Monitoring \(GPG 13\)](#)
- [Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.](#)

Appendix I

PMC1 – Accurate Time in Logs

Control Description:

- Provide a means of providing accurate time in logs and synchronisation between system components with a view to facilitate collation of events between those components.

Aberdeen City Council Control Process in Place:

- Core network components and monitoring devices are synchronised using the Network Time protocol (NTP). This protocol provides a means of synchronizing to a globally referenced time source.

PMC2 – Recording Relating to Business Traffic Crossing a Boundary

Control Description:

- To provide reports, monitoring, recording and analysis of business traffic crossing a boundary with a view to ensuring traffic exchanges are authorised, conform to security policy, transport of malicious content is prevented and alerted, and that other forms of attack by manipulation of business traffic are detected or prevented.

Aberdeen City Council Control Process in Place:

- Detection of Malware which is then blocked, logged and reported on. Further analysis of logs may take place for specific incidents, to identify trends or as part of an investigation. This data may include information which will identify individuals who have had malware sent to them, whose device is malware infected or have visited websites infected with malware.
- All Internet browsing is routinely logged. An individual's browsing activity is generally anonymous. We do not interrogate activity unless instructed to as part of an investigation and through the [Access to Information Procedure](#). (Hyperlink when on Zone)
- We regularly run reports for security purposes. These reports may identify individuals deliberately or inadvertently putting the organisation at risk or attempting to circumvent Aberdeen City Councils security measures. Any significant identified behaviour will be reported to management. Further investigation will only take place on instruction as part of an investigation and through the [Access to Information Procedure](#). (Hyperlink when on Zone).
- Imported content may be blocked. Certain file types may be quarantined for further analysis before being let into the organisation or may be rejected outright.
- Exported content may be blocked. Certain file types may be quarantined for further analysis before being allowed to leave the organisation or may be rejected outright. Automatic file scanning for Data Loss Prevention may also quarantine a file.

PMC3 – Recording Relating to Suspicious Behavior at a Boundary

Control Description:

- To provide reports, monitoring, recording and analysis of network activity at the boundary with a view to detecting suspect activity that would be indicative of the actions of an attacker attempting to breach the system boundary or other deviation from normal business behaviour.

Aberdeen City Council Control Process in Place:

- Next Generation Firewalls employ threat identification and prevention mechanisms. All 'events' and 'threats' identified by the firewalls are logged, blocked and correlated. Regular high level reports are run on these to identify particular issues or incidents and to provide trending statistics. Along with correlated events these may indicate an infected or compromised machine or system, an individual putting Aberdeen City Council or themselves at risk, or individuals, whether internal or external, attempting to circumvent Aberdeen City Councils security measures.
- Routers direct the flow of traffic within the organisation and into and out of the organisation and provide secure separation at the network boundaries.
- Switches direct the flow of traffic within the organisation and provide a level of secure boundary separation.

PMC4 – Recording of Workstation, Server or Device Status

Control Description:

- To detect changes to device status and configuration.

Aberdeen City Council Control Process in Place:

- Monitoring:
 - A tool called 'System Centre Configuration Manager' (SCCM), regularly checks devices for installed software. This is a key security measure as any unpatched software poses a security risk. This system will also apply patches to any Microsoft software on devices.
- The status of Anti-Virus software on devices is monitored centrally to ensure devices are being updated with new definitions, to gather information on any infections or attempted infections and to remotely roll out updates.

PMC5 – Recording Relating to Suspicious Internal Network Activity

Control Description:

- To monitor critical boundaries and resources within internal networks to detect suspicious activity either by internal users or by external attackers that may indicate attacks, pre-cursor to attacks or breach of regulations or compliance.
- Likely boundaries and resources may include but are not limited to:
 - Core messaging infrastructure (e.g. email servers and directory servers).
 - Sensitive databases (e.g. HR databases, finance, procurement/contracts, etc).
 - Information exchanges with third parties.

Aberdeen City Council Control Process in Place:

- Monitoring:
 - Data traffic levels across the organisation are monitored. Deviations from normal can indicate suspicious activity.
 - Status and performance of infrastructure equipment across the organisation is monitored. Changes can indicate suspicious activity.
 - Firewalls are monitored for changes to their status or deviations from normal activity.

- Specialist Packet Sniffing technology may be deployed.
- Endpoint Security mechanisms monitor critical resources.
- Anti-Virus is installed on servers and Internet facing Firewalls.
- Core servers are monitored with various protections in place with an aim to detect and prevent unauthorised change.
- Logging:
 - System logs indicating both successful and unsuccessful logins are recorded within some systems.
 - Logging of all Emails sent or received takes place (not the content). This includes Emails that do not reach their destination such as spam, malware infected or quarantined.
 - Logging of all websites visited.
 - Logging of all communication blocked by our security products e.g. Anti-Virus or Firewall threat prevention.
- Auditing:
 - Auditing records are kept on some systems and databases which can give forensic analysis of activities and transactions that have taken place.
- Data loss Prevention:
 - A minimum level of automatic Data Loss Prevention(DLP) techniques are in operation on both the Email communication and Web traffic. This may quarantine or prevent the information from being sent or received.

PMC6 – Recording Relating to Network Connections

Control Description:

- To monitor transient connections to the network such as remote access, virtual private networking, wireless or any other temporary connection.

Aberdeen City Council Control Process in Place:

- Authentication:
 - Necessary for all network access is authentication. Authentication is required whether you are on the main network, wireless network, connecting remotely, over a Virtual Private Network (VPN) or are a 3rd party.
- Logging:
 - Such connections will be logged by various systems such as the Firewall, Directory Services and DHCP. Information that is logged varies but may include, source IP Address, source device, destination IP address, destination device, Logon date/time, Logoff date/time, Username.

PMC7 – Recording of Session Activity by User and Workstation

Control Description:

- To monitor user activity and access to ensure they can be made accountable for their actions and to detect unauthorised activity and access that is either suspicious or is in violation of security policy requirements.

Aberdeen City Council Control Process in Place:

- Logging:
 - System logs indicating both successful and unsuccessful logins are recorded within some systems.
 - Logging of all Emails sent or received takes place (not the content). This includes Emails that do not reach their destination such as spam, malware infected or quarantined.
 - Logging of websites visited by users.
 - Logging of all communication blocked by our security products e.g. Anti-Virus or Firewall threat prevention.
- Auditing
 - Auditing records are kept on some systems and databases which can give forensic analysis of activities and transactions that have taken place.

PMC8 – Recording of Data Backup Status

Control Description:

- To provide a means by which previous known working states of information assets can be identified and recovered from in the event that either their integrity or available is compromised.

Aberdeen City Council Control Process in Place:

- Backups of system shares and drives are performed to a schedule. Tests are regularly performed to ensure integrity and recovery.

PMC9 – Alerting Critical Events

Control Description:

- To allow critical events to be notified in real-time.

Aberdeen City Council Control Process in Place:

- Alerts can be automatically generated when:
 - There are unexpected deviations from normal traffic levels.
 - The status or performance of infrastructure equipment across the organisation changes.
 - There are unexpected deviations from normal monitoring or the status of Firewalls changes.
 - There are attempted failed changes to elevate privileges on domain servers.

Protective Monitoring Privacy Impact Assessment

The need for a PIA

The impact assessment has been carried out to demonstrate that Aberdeen City Council is compliant with:

- The good practice recommendations contained in the UK Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.
- The good practice recommendations contained in the UK governments National Cyber Security Centre (NCSC) Good Practice Guide 13 - *Protective Monitoring* (GPG 13).
- **The Human Rights Act 1998** which suggests that employees have a reasonable expectation of privacy in the workplace.
- **The Regulation of Investigatory Powers Act 2000** which covers the extent to which organisations can use covert surveillance.
- **The Data Protection Act 1998 (or subsequent iterations).**
- The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000.
- Other relevant legislation.

This impact assessment was prepared by the Council's IT & Transformation Team in conjunction with Legal Services and Human Resources and Customer Service.

The subject of this impact assessment is the continuous electronic monitoring of external communications to and from the Council's ICT network, and the recording, storage, reporting, and disposal of data relating to external e-mail and Internet usage.

Applicability

This impact assessment relates to User activity as a result of their use of ICT Resources provided by the Council.

Electronic and Human Threats

The following threats have the greatest potential to adversely affect the Council, its Users, infrastructure and electronic data:

- a) **Electronic attacks.** These take the form of such things as denial-of-service attacks and the introduction of viruses, spyware and unsolicited e-mail. These have the following main effects:
 - Overloading the ICT infrastructure.
 - Corrupting components of the ICT infrastructure or replacing existing components with unauthorised ones, thereby causing ICT systems/services to become unreliable or unstable.
 - The unintended introduction of malicious computer software

which has the ability to monitor Users access to/usage of ICT systems/services and (without Users' knowledge) send data to unknown recipients.

- Unsolicited e-mail (commonly referred to as 'spam', 'phishing' and 'spoofing') being sent to Users.
- Ransomware infection which prevents access to your data (sometimes permanently) and demands a ransom for it to be released.

b) **User access.** Access to and usage of the Council's ICT computer systems, services and electronic data. Such access/usage includes access to the Council's and externally provided systems/services. These have the following implications if not accessed/used appropriately:

- Access to dubious Internet sites resulting in the accidental downloading of viruses, spyware and unsolicited e-mail (which could have the effects outlined at a) above).
- The Council's ICT infrastructure and electronic data being corrupted, making computer systems/ services inaccessible – with electronic data becoming corrupted or inaccurate.
- The Council being unable to fulfil its statutory obligations.
- The Council's reputation being damaged and/or the Council being exposed to litigation.
- Disciplinary and/or criminal law action being taken against individual Users.

Whilst the majority of the threats described above are mitigated by the electronic security systems which the Council employs (e.g. through the automatic interception and deletion of viruses and spyware before they are able to cause damage or disruption), these systems can never be wholly effective and it is therefore important that the Council has an electronic monitoring capability which allows for:

- a) The identification of malicious activity where it has not been automatically detected.
- b) The electronic monitoring of Users' access to or usage of its computer systems, services and electronic data in order to provide assurance that the ICT AUP is being complied with and that the Council and its Users exposure to the stated threats is as low as practicably possible.
- c) Trend analysis to take place to look for patterns of activity which may indicate a precursor to an attack or an attack in progress.

ICT Service Delivery

IT & Transformation has responsibility for managing the ICT infrastructure and are the custodians of data stored on the infrastructure. The ICT infrastructure makes this data available to Service Areas.

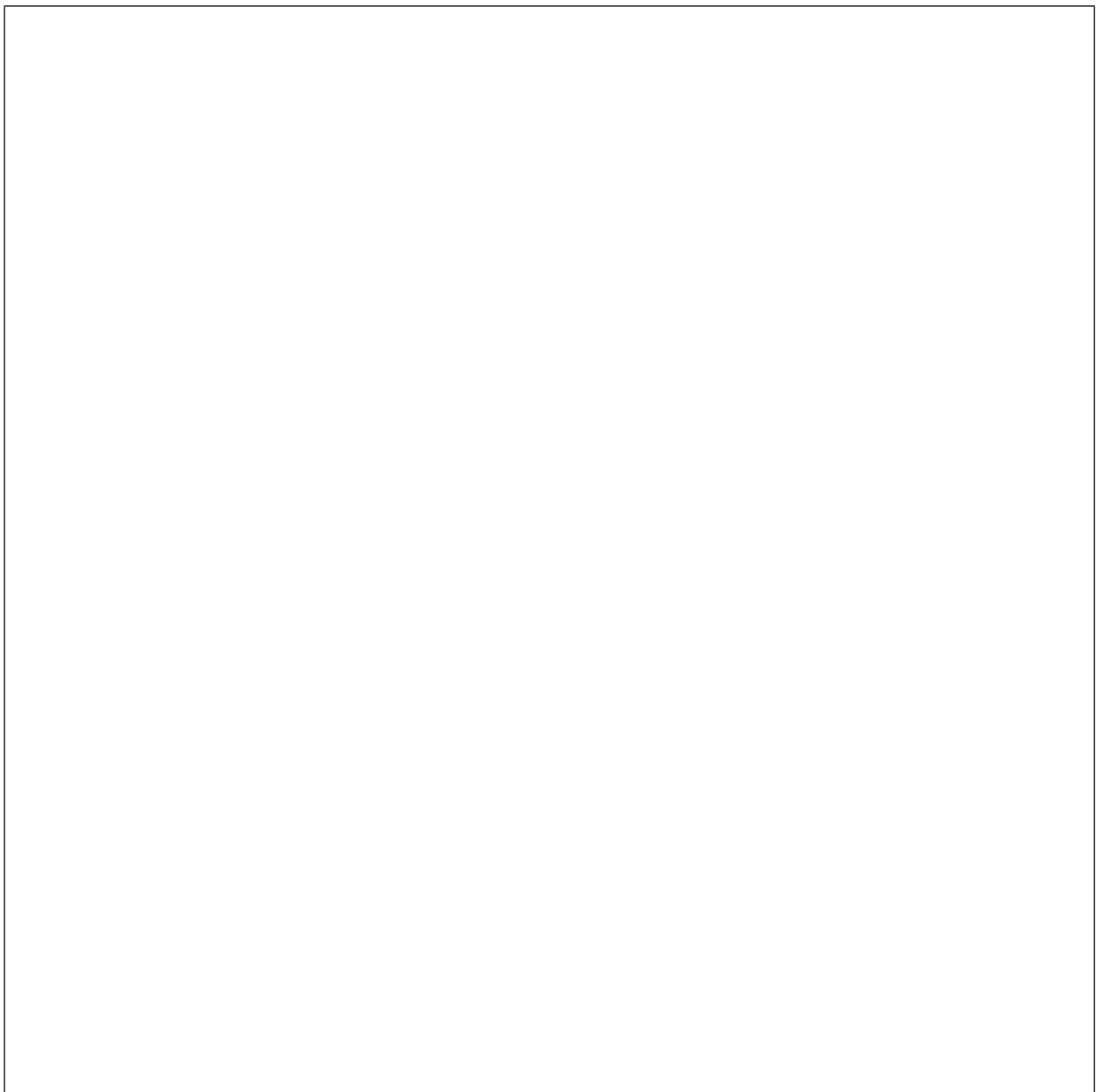
The Council is heavily reliant upon its ICT infrastructure to support its statutory obligations and to deliver front-line services. The Council is under constant scrutiny to demonstrate proper control over, and accountability for, the use of public funded resources. It is therefore desirable that the Council reduces the risk of loss or interruption to services by recognising threats affecting its ICT infrastructure and employing suitable countermeasures.

In order to identify vulnerabilities, threats and business risks the Council arranges an IT Health check (ITHC) annually which forms part of our submission for the Public Services Network (PSN) for compliance and a quarterly specific scan is run to ensure Payment Card Industry (PCI) compliance. A program of works is put in place to mitigate any significant vulnerabilities identified.

The Council reviews published information and research, is a member of the Cyber Security Information Sharing Partnership (CISP) and part of the well-respected (Scottish) Local Authorities Information Security Group (LAISG).

Countermeasures employed by the Council include a combination of written policies and technical countermeasures. Policies inform Users of the Council's expectations in the use of the ICT infrastructure, and the technical countermeasures support the policies, by enforcing good practice and reducing the potential for vulnerabilities to be exploited.

The [ICT Acceptable Use Policy \(Hyperlink when on the Zone\)](#) AUP is the Council's main ICT user policy. It is regularly updated to take account of developing threats and exploitation of vulnerabilities. Technical countermeasures are employed to detect the most prevalent malicious electronic threats associated with spyware, viruses and malware on computers and in Email attachments and to detect spam, phishing and spoofing activity, all of which have a real potential to degrade or interrupt the use of data in the ICT infrastructure.



The Information Flows

Technical Countermeasures

The technical countermeasures currently in use are ICT security systems specifically designed to operate in an integrated security environment.

Antivirus countermeasures are applied to incoming/outgoing e-mail to check for patterns that indicate the presence of malicious software in attachments.

E-mails are also checked for known spam, phishing and spoofing patterns. Where these are recognised, they are removed so that they do not adversely affect the ICT infrastructure. Known Spam e-mails are automatically deleted.

Antivirus and End Point protection on PCs and Laptops provide a further layer of protection against malicious software that manages to bypass security measures at the gateway or are introduced through another medium.

Countermeasures applied to Internet access can also remove malicious software from downloads; this is limited to known threat patterns. Internet access is further safeguarded by the ability of the ICT security software to block access to web-sites which have the potential to be non-compliant with the ICT AUP.

Other countermeasures include Intrusion Prevention Systems and Event Correlation.

These technical countermeasures cannot cover all eventualities however, and because of constantly growing and changing threats there remains the potential for undetectable malicious software entering the ICT infrastructure.

The ICT security systems record and maintain records of Internet and email usage and can therefore be used to help detect possible compromise and determine overall compliance with policy.

Purpose

The Council's main purpose in establishing its monitoring arrangement is to enable Corporate Governance to undertake lawful monitoring in order to support the Council's service delivery.

Continuous electronic monitoring of incoming and outgoing e-mail messages will be undertaken for the purposes of identifying activity and content which is likely to breach the ICT AUP.

Continuous electronic monitoring of the content of outgoing and incoming e-mail attachments will be undertaken for the purposes of detecting and removing where possible viruses/spyware, malicious software and content and for identifying activity and content which contravenes the ICT AUP.

Continuous electronic monitoring of Internet access will be undertaken for the purposes of detecting, removing or preventing where possible inadvertent access to instances of spyware, viruses, malware and other malicious software.

Continuous electronic monitoring of Internet access will be undertaken to block attempts to access web-sites which contain malicious content or that do (or are likely to) breach the ICT AUP.

Scope (of Monitoring)

Monitoring will apply to all Users' external e-mail and Internet facilities.

Continuous electronic monitoring of e-mail messages and attachments will apply to external e-mail only (i.e. those e-mails coming from or going to other networks, primarily via the Internet). This is mainly an automated process, but manual intervention is necessary for clarification/confirmation purposes and to manually delete blocked email or to release it where it does not contravene the ICT AUP

Transactions about Internet and e-mail activity will be recorded. Access will be provided to recorded transactions, where there is lawful reason to do so, in order to investigate allegations of improper use of the ICT infrastructure in line with the [Access to Information Procedure](#) ([Hyperlink when on the Zone](#)).

Records will be continuously and automatically retained by the respective monitoring systems and backed up to the corporate back-up facility at the end of each working day. Records will be held on the respective monitoring systems for 6 months, with data older than that being progressively deleted. Security measures are built in to protect the collected data which will only be accessible by authorised persons.

In the case of Emails, although the logging records are deleted the Emails themselves remain in users in-box, sent items and archives. Emails are also sent for backup every night.

Consultation requirements

Reporting and Accountability

Records will be used to produce statistical reports on request for senior management, and to provide detailed user-specific reports to support investigations.

The statistical reports are intended to provide senior management with a general analysis of email and Internet activity in order that informed decision can be made about the acceptable use of internet and external e-mail

Adverse Impact

In preparing this impact assessment, views of concerned parties have been researched, and the published articles by [UNISON](#), [ACAS](#), legal professionals, the Information Commissioner and others have been studied and evaluated in order to satisfy the Council's founding principle of 'openness and transparency'. The table below contains generally expressed concerns about monitoring (which concerns are catered for by the UK Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work) and the Council's rationale for undertaking continuous electronic monitoring. The intent is to allay such concerns by justifying the need for monitoring, thereby striking a balance between the rights of the organisation and the rights of the individual.

	Employee Concerns	Monitoring Rationale
1	Users may hold the view that monitoring is excessive as every activity is recorded.	Keeping good comprehensive records is essential to protect organisations and individuals from growing threats. For example, 'identity theft' can be verified by reference to the organisation's records of usage. This would not be possible if records were incomplete.
2	Users may be concerned that monitoring is intrusive and that information of a personal nature may be collected and disclosed without their knowledge, or as a result of an unrelated investigation.	All monitoring will be lawfully implemented and will be both controlled and accountable. Technology is used to automate, as much as possible, the monitoring process, to handle the huge volume of information, and to produce accurate results, which is in everyone's best interests.
3	Users may be worried that they may be blamed for actions which were not theirs, following well-publicised e-mail and Internet scams.	Monitoring can be used to stop threats e.g. spam; phishing; and spoofing, and to help identify who initiated them - interruptions to service delivery are minimised, and Users' experiences of worrying security incidents are reduced. Monitoring can also help to prove that no wrong-doing has taken place
4	There may be a concern that monitoring affects morale, is demeaning, and causes stress - the pressures upon Users to deliver service requirements are further increased by a perceived lack of freedom to use technological resources without undue scrutiny.	The Council has set practical limits to areas of monitoring - for example, internal e-mail is not monitored.
5	Monitoring arrangements may be seen as lack of trust – Users cannot be trusted to adhere to the rules.	Monitoring assists compliance checking to show good use of public funds - traceability ensures that Users are accountable for their actions, and encourages good-practice use of the technological resources. Raising management awareness enables timely preventive action to reduce noncompliance.

Alternatives (to Monitoring)

In producing this assessment, Corporate Governance recognises its management responsibilities regarding the infrastructure and as custodians of valuable data upon which the Council is heavily reliant. Corporate Governance takes these duties very seriously and employs resources which help to protect valuable assets from harm, but to be optimally effective the

responsibility for protecting these assets must be shared by the whole organisation i.e. by individual Users.

Whilst protecting valuable resources is a business process in its own right, it should also be seen as an intrinsic part of the day-to-day working and strategic business objectives facing the organisation. With this in mind, the proposed monitoring arrangements have been considered alongside the following alternatives:

- a) **A policy-only approach.** Security policies define the expectations of an organisation's desire for good practice in the use of ICT resources. A policy-only approach delegates most of the security responsibilities to Corporate Governance, without it having all necessary means to monitor/measure overall compliance with policy.
- b) **Good practice advice and guidance approach.** This approach is taking shape and several documents have been produced and launched using the Council's Intranet (the Zone). This approach is driven by Corporate Governance and, like the policy only approach, relies on feedback to verify effectiveness. Good practice advice and guidance is necessarily generalised and reactive, and is best used to reinforce and support policy
- c) **Education and Training (E&T) approach.** Corporate Governance does not have the resources to provide extensive E&T. Effective E&T requires a clear service-level understanding of endemic or widespread vulnerabilities. Whereas Corporate Governance can provide advice and guidance, the nature of service-level vulnerabilities are best understood and provisioned by senior management. This impact assessment supports senior management involvement in understanding service-level vulnerabilities.
- c) **Audits, spot checks, self-compliance verification.** Given the extremely high scale of Internet and e-mail activity in the ICT infrastructure, finding and testing a representative sample presents a considerable challenge as well as requiring detailed scrutiny of material in the sample in order to verify compliance. The nature of cyber threats makes sampling ineffective.
- d) **Temporary or random monitoring.** This form of monitoring using technical countermeasures will only record data for the time when it is active. An incomplete set of records will not give the full picture; an incomplete set of records will be of no value to internal investigations or when handling allegations of improper use brought by persons or organisations outside of the Council. The nature of cyber threats makes random monitoring ineffective.

Privacy and Related Risks

See [Protective Monitoring Risk Assessment \(Hyperlink when on the Zone\)](#).

Privacy Solutions

In order to keep the privacy impact at a minimum while enabling a high level of security:

Automated tools are used which enable the blocking of identified spyware, viruses, malware, malicious software, Spam and phishing Emails

Automated tools are used which enable the blocking of access to websites which are known to be of high risk or are inappropriate whether due to compromise, viruses, malware, malicious software, containing controversial material.

Automated tools are used to identify and help protect against other threats such as intrusion attempts or denial of service attacks.

Access to any logged information relating to a user requires to be done by authorised personnel and using separate Administrator privilege accounts.

Access to any logged information relating to a user for investigatory purposes requires authorisation and completion of the [Access to Information Form \(Hyperlink when on the Zone\)](#).

Reports that are produced to identify possible compromise or due to a particular unusual event contain the minimum information necessary to analyse the situation. This information is restricted to those key staff performing the analysis, is stored securely and deleted if not required. In the event that analysis shows further investigation is warranted, authorisation and completion of the [Access to Information Form \(Hyperlink when on the Zone\)](#) is a requirement.

Sign off		
Risk	Approved solution	Approved by
Protective Monitoring	See Protective Monitoring Risk Assessment (Hyperlink when on the Zone).	Simon Haston (SIRO)

Integrating the PIA outcomes back into the project plan		
N/A		
Action to be taken	Date for completion of actions	Responsibility for action
Contact point for future privacy concerns		

Related Policy Document Suite

Policy and Strategy

- [ICT Acceptable Use Policy](#)
- [Employee Code of Conduct](#)

Procedures

- [Access to Information Procedure](#) (Hyperlink when on the Zone)

Forms

- [Access to Information Request](#) (Hyperlink when on the Zone)

Assessments

- [Protective Monitoring Risk Assessment](#) (Hyperlink when on the Zone)

Related Legislation and Supporting Documents

Acts

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- [General Data Protection Regulation](#)
- [The Computer Misuse Act \(1990\)](#)
- [The Copyright, Designs and Patents Act \(1988\)](#)
- [The Health & Safety at Work Act \(1974\)](#)
- [The Human Rights Act \(1998\)](#)
- [The Regulation of Investigatory Powers \(Scotland\) Act 2000](#)
- [Telecommunications \(Lawful Business Practices\) \(Interception of Communications\) Regulations 2000 \(LBPR\).](#)

Standards

- [ISO27001/2](#)
- [PSN](#)

Regulations

- [PCI DSS](#)

Best Practice Guides

- [National Cyber Security Centre \(NCSC\) Good Practice Guide 13 - Protective Monitoring \(GPG 13\)](#)
- [Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.](#)

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Monitoring in place	9
Monitoring not in place	25

Protective Monitoring Risk Assessment

Risk Assessment

Area covered by this assessment	Monitoring activity on the network, particularly at the gateway in order to detect and prevent potential security incidents whether these are technical attacks or abuses of business.
---------------------------------	---

Activity requiring assessment and requestor	<p><u>Requested by the business as part of the Privacy Impact Assessment covering Protective Monitoring</u></p> <p><u>Technical detail</u></p> <p>Protective monitoring is an essential component of risk management. Various legislation and codes of practice including the Data Protection Act 1998, and ISO 27001/2 Information Security Management Systems impose a duty on Aberdeen City Council to protect its information assets and to provide the assurances that appropriate controls are in place. It is recommended in a number of regulatory and industry best practices, such as the Payment Card Industry Data Security Standard (PCI DSS) and Cyber Security Essentials. It is also a requirement for connection to the Public Services Network (PSN).</p> <p>This assessment covers the monitoring and auditing of staff activity as a means of ensuring information security and ensuring that all staff comply with Council Policies and Procedures and the standards of behaviour expected by Aberdeen City Council.</p> <p><u>Related Policy Document Suite</u></p> <p>Policy and Strategy</p> <ul style="list-style-type: none"> • ICT Acceptable Use Policy • Employee Code of Conduct <p>Procedures</p> <ul style="list-style-type: none"> • Access to Information Procedure (Hyperlink when on the Zone) <p>Forms</p> <ul style="list-style-type: none"> • Access to Information Request (Hyperlink when on the Zone) <p>Assessments</p> <ul style="list-style-type: none"> • Protective Monitoring Privacy Impact Assessment (Hyperlink when on the Zone) • Protective Monitoring Risk Assessment (Hyperlink when on the Zone) <p><u>Related Legislation and Supporting Documents</u></p> <p>Acts</p> <ul style="list-style-type: none"> • The Data Protection Act (1998) • General Data Protection Regulation
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	<ul style="list-style-type: none"> • The Computer Misuse Act (1990) • The Copyright, Designs and Patents Act (1988) • The Health & Safety at Work Act (1974) • The Human Rights Act (1998) • The Regulation of Investigatory Powers (Scotland) Act 2000 • Telecommunications (Lawful Business Practices) (Interception of Communications) Regulations 2000 (LBPR). <p>Standards</p> <ul style="list-style-type: none"> • ISO27001/2 • PSN <p>Regulations</p> <ul style="list-style-type: none"> • PCI DSS <p>Best Practice Guides</p> <ul style="list-style-type: none"> • National Cyber Security Centre (NCSC) Good Practice Guide 13 - Protective Monitoring (GPG 13) • Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.
--	--

Assessor	Norman Hogg (Security Architect)	Date of assessment	25/09/17	Date of reassessment	
----------	--	--------------------	-----------------	----------------------	--

Existing safety measures and assets at risk.	<p>Existing Measures: This assessment is measured against the impact on individual rights and the risk to the business based on existing controls in place (which will include Protective Monitoring Policy, Protective Monitoring Privacy Impact Assessment and Access to Information Procedure when approved) <u>to be removed from document once approved</u></p> <p>Assets at risk: Data. Corporate network. Reputation. Individual Rights.</p>
--	--

Approver	Simon Haston (SIRO)	Date of approval/rejection	XX/XX/17	Date of re-approval	
Signature>	*				

Decision	Accept assessment	
	Reject assessment	

SCORING SYSTEM

Severity	Likelihood of occurrence
5 = Very high	5 = Very high
4 = High	4 = Likely
3 = Moderate	3 = Quite possible
2 = Slight	2 = Possible
1 = Nil	1 = Not likely

Risk rating = Severity x Likelihood.

>10 requires risk acceptance, risk reduction, risk avoidance, risk transference.

Hazard Type

Hazard Type	Risk to Individuals if Monitoring In place				Risk to Business if Monitoring In place			
	Severity	Likelihood	Risk Rating	Without Monitoring	Severity	Likelihood	Risk Rating	Without Monitoring
1. Monitoring is excessive as most activity is recorded. Risk of accessing personal information.	4	2	8	1	3	2	6	15
2. Violation of rights and liberties. Risk of breaching legislation.	4	2	8	25	3	2	6	25
3. Monitoring is intrusive. Prevents staff performing duties, mistrust.	3	2	6	1	3	2	6	1
4. Passwords and other Personal information may be captured.	3	2	6	20	3	2	6	20
5. Staff are unaware of policy or procedure.	3	3	9	25	3	3	9	25
6. Policy and procedure are inadequate.	4	2	6	25	4	2	8	25
7. Access to logged information is not controlled.	4	2	8	1	4	2	8	20
8. False positive information leads to investigation.	3	2	6	1	3	2	6	16
9. Inability to perform job functions due to Emails or Internet sites being blocked.	2	2	4	1	2	2	4	25

PROPOSED ACTION

In order to ensure appropriate risks and mitigations were identified for this document, consultation and review took place as follows:

Security Architect
 Performance and Risk Manager
 Infrastructure Architect
 Security Analyst x 2
 HR Team Leader
 Solicitor
 Best practice guides
 Web Resources
 Government Guidelines

Results of Analysis:

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
1. Monitoring is excessive as most activity is recorded. Risk of accessing personal information.	4	2	8	1	3	2	6	15

‘The Data Protection Act does not prevent employers from monitoring workers, but where monitoring involves the collection, storage and use of personal information, it must be neither routine nor excessive’

In order to protect both the organisation and the individual it is important that we have both comprehensive and accurate records. Without these records assumptions rather than conclusions can be drawn and evidence of actual facts will be minimal. Without adequate records the business may breach legislation.

Monitoring significantly reduces the risk of the businesses information being compromised.

Please reference the *‘Protective Monitoring Privacy Impact Assessment’* ([Hyperlink when on Zone](#)) – ‘Scope of Monitoring’, ‘Alternatives to Monitoring’ and ‘Justification for Monitoring sections’.

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
2. Violation of rights and liberties. Risk of breaching legislation.	4	2	8	25	3	2	6	25

PROPOSED ACTION

A balance must be found between what is monitored and the rights of the individual. To this end:

The majority of monitoring and threat prevention is automated by technology and detailed information is not viewed.

Although certain activities are logged these would only be accessed as part of an investigation.

Where information does have to be viewed it is done so in a controlled manor and only to the level required.

The two main areas where such visibility may take place are with Internet traffic and Email.

Internet traffic: Blocks are in force against sites that are identified as high risk, reports are generated which show attempted access to those sites. Patterns or excessive activity can indicate an infected device, a compromised device or deliberate action by an individual to bypass security measures. In the case of the individual, only where such activity is significantly out of the ordinary and with documented authority will any further investigation take place.

Email: Email containing certain attachments such as executables or compressed Zip files will be quarantined. These are key routes for compromise as they often contain hidden malware. Manual intervention is required before releasing to the recipient.

Monitoring significantly reduces the risk of an individual's information being compromised. Monitoring significantly reduces the risk of the businesses information being compromised.

Please reference the '*Protective Monitoring Privacy Impact Assessment*' ([Hyperlink when on Zone](#)) – 'Scope of Monitoring', 'Justification for Monitoring sections'.

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
3. Monitoring is intrusive. Prevents staff performing duties, mistrust.	3	2	6	1	3	2	6	1

Monitoring is only mildly intrusive. It is transparent to the end user most of the time and normally only becomes apparent when an individual is blocked from accessing a website. There is no risk associated with this hazard if we do not monitor.

Monitoring adds a low risk for both individuals and the business.

Please reference the '*Protective Monitoring Privacy Impact Assessment*' ([Hyperlink when on Zone](#)) – 'Scope of Monitoring', 'Justification for Monitoring sections'.

Risk to Individuals if Monitoring In place	Risk to Business if Monitoring In place
--	---

PROPOSED ACTION

Hazard Type	Risk to Individuals if Monitoring In place				Risk to Business if Monitoring In place			
	Severity	Likelihood	Risk Rating	Without Monitoring	Severity	Likelihood	Risk Rating	Without Monitoring
4. Passwords and other Personal information may be captured.	3	2	6	20	3	2	6	20

Protective Monitoring protects both the business and the individual. Passwords and Personal Information are never targeted for capture, however if such information is sent externally, unencrypted in an Email the Email system will hold a copy unless it is deleted from the senders 'Sent Items' folder.

Protective Monitoring plays a major role in preventing an individual from inadvertently giving such information to a fraudulent actor. For example:

- Many spam and phishing emails are prevented from entering the organisation.
- Individuals are prevented from accessing known websites which are fraudulent, contain malware or that have been compromised.
- Where an individual clicks a fraudulent link or file in an Email, protection measures help prevent the link activating or the file being run.

Monitoring significantly reduces the risk of an individual's information being compromised.
Monitoring significantly reduces the risk of the businesses information being compromised.

Hazard Type	Risk to Individuals if Monitoring In place				Risk to Business if Monitoring In place			
	Severity	Likelihood	Risk Rating	Without Monitoring	Severity	Likelihood	Risk Rating	Without Monitoring
5. Staff are unaware of policy or procedure.	3	3	9	25	3	3	9	25

The following documents will be available on the Zone:

- ICT Acceptable Use Policy ([Hyperlink when on Zone](#))
- Protective Monitoring Policy ([Hyperlink when on Zone](#))
- Protective Monitoring Privacy Impact Assessment ([Hyperlink when on Zone](#))
- Protective Monitoring Risk Assessment
- Access to Information Procedure ([Hyperlink when on Zone](#))
- Access to Information Form ([Hyperlink when on Zone](#))

In addition:

- All staff with management responsibility will be advised of the Access to Information Procedure.
- All IT staff will be advised of the Access to Information Procedure.

There are many policies and procedures in use across the business and it is unrealistic to believe that everyone will know all the policies and procedures. Everyone should know however where to find them when they need to reference them.

PROPOSED ACTION

Policies and Procedures significantly reduce the risk of an individual's information being compromised.
 Policies and Procedures significantly reduce the risk of the businesses information being compromised.

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
6. Policy and procedure are inadequate.	4	2	6	25	4	2	8	25

It is an almost impossible task to have Policy, Procedure and Assessments that document all conceivable eventualities. Such documents need to be able to cover the majority of circumstances but should not be considered as all-encompassing.

The Protective Monitoring suite of documents have had input from and been reviewed by:

- IT and Transformation
- Human Resources and Customer Service
- Legal and Democratic Services
- Unions
- Aberdeen City Council Finance, Policy and Resources Committee

Policies and Procedures significantly reduce the risk of an individual's information being compromised.
 Policies and Procedures significantly reduce the risk of the businesses information being compromised.

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
7. Access to logged information is not controlled.	4	2	8	1	4	2	8	20

Access to such information is restricted to key staff. Access cannot be obtained via standard user accounts and requires authenticated administrative privileges. Out with this, if information is requested due to a security incident or as part of an investigation then the 'Access to Information Procedure' ([Hyperlink when on Zone](#)) shall apply.

Logging/Auditing of administrator access is in place.

Monitoring significantly reduces the risk of the businesses information being compromised.

PROPOSED ACTION

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
8. False positive information leads to investigation.	3	2	6	1	3	2	6	16

Most of the monitoring and preventative measures are automatic and in the majority of cases detail is never seen by human eyes. High level trending statistics may be generated for inclusion in reports.

Where our systems do flag up activity of potential concern these are in most cases not due to activity by individuals.

In the course of their duties, Security Analysts may come across patterns of traffic or information that requires further analysis. A high level but focussed look at the patterns may take place and may identify individuals. In most cases the activity is either not due to the individual or is not deliberate or persistent activity by the individual and requires no further investigation.

Where it is deemed further investigation is required the 'Access to Information Procedure' ([Hyperlink when on Zone](#)) will be followed.

There is significant risk to the business of instigating false investigations if we did not have the evidence to back up any claims.

Hazard Type	Risk to Individuals if Monitoring In place			Without Monitoring	Risk to Business if Monitoring In place			Without Monitoring
	Severity	Likelihood	Risk Rating		Severity	Likelihood	Risk Rating	
9. Inability to perform job functions due to Emails or Internet sites being blocked.	2	2	4	1	2	2	4	25

The blocking of Email or Internet sites should not have an impact on job functions. These are blocked due to the risk they pose to the business or the individual and could have a major impact on the job function if not blocked. Where a particular job role requires that a normally blocked site be open then this can be accommodated on a per user basis where there is a business case and with authorisation.

There is significant risk to the business if restrictions are not put in place.

PROPOSED ACTION

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Protective Monitoring Access to Information Procedure

Owner:	Security Architect
Author:	Norman Hogg
Creation Date:	October 2017
Review Date:	October

Document Status:
Draft

Scope

What is this procedure for?

This procedure is to be followed for requesting access to any information Aberdeen City Council collects as part of Protective Monitoring. This is a high-level procedure which covers:

- The circumstances under which access to ICT User Accounts and Information may be granted.
- The procedure which must be followed when requesting such access.
- The procedure to be followed by ICT staff to fulfil that access.

Who is this procedure for?

This procedure is of importance to **all staff**. It is particularly important for:

- Anyone who has management responsibilities.
- Anyone who is leading an investigation.
- All ICT staff.

- **If you believe the investigation is likely to result in criminal charges then further advice must be sought. If in the process of an investigation this becomes the case the investigation must immediately stop, and further advice sought. Failure to do so may prevent such charges being brought.**
- **It is important that only the information necessary to any investigation is requested.**
- **Information obtained or supplied must be treated as OFFICIAL SENSITIVE [PERSONAL] and held securely (e.g. password protected) so that it cannot be accessed by others.**

Information Request

A request for information on an employee's browsing, Email or access history may be received from a manager or head of any department, the fraud team or official sources e.g. the police. In all cases a strict process and procedure **must** be followed so that the appropriate audit trail and evidence of authorisation can be maintained.

Any request must be justified under the principles of current Data Protection legislation. In summary:

Lawful. Access must be for legitimate and lawful reasons.

Justified. There must be reasonable suspicion of wrongdoing, not just a "fishing" exercise.

Proportionate. The information requested should be proportionate to the seriousness of the incident being investigated.

Necessary. Only information actually required should be requested. Access to information should be the only way of gathering the evidence for the investigation.

Examples of possible reasons for request:

- Suspected Emailing of confidential information to external or unauthorized addresses.
- As part of an ongoing investigation.
- Suspicion of unlawful activities.
- Suspected breach of the Acceptable Use Policy.

Where the information is being sought in relation to an individual's actions, the individual should wherever possible be informed. A failure to do so may contravene the Data Protection and Human Rights acts and you must therefore liaise with an HR adviser in these situations.

There are specific exemptions within the Data Protection Act 1998 for not informing the individual if it is in relation to 'the prevention or detection of crime'. It is advised again that you must liaise with an HR adviser who will in turn involve the Fraud team and/or Legal and Democratic services colleagues where applicable and appropriate.

Where the Police or other external body requests access to information, specific Data Protection exemptions may also be considered. The Police will send in a completed exemption form, which will be retained for the audit trail. In all cases where an

external body requests information this should be handled as a 'Third Party Request for Personal Information'. See [Corporate Data Protection Policy](#)

In performance of their duties, ICT security personnel may come across situations of concern regarding an individual. These concerns shall be relayed to the appropriate management or authority. Further analysis must not take place without instruction and approval of said management or authority. In all cases this procedure **must** be followed so that an appropriate audit trail and evidence of authorisation can be maintained.

An information request **must** be authorised by the head of department or their delegated authority. Where the head of department themselves is requesting information then the Senior Information Risk Owner (SIRO) or delegated authority **must** authorise the request. Where the SIRO themselves is requesting information then the Chief Executive or delegated authority must also authorise the request.

In all cases someone more senior than the requester **must** authorise the request.

Information requested may include:

- Browsing history (in depth analysis which may include e.g. links clicked within sites, bandwidth usage, files uploaded/downloaded)
- Email history (this may include e.g. access to logs, access to Emails)
- Access history (this may include access to e.g. logs, audit trails)

Requester Procedure

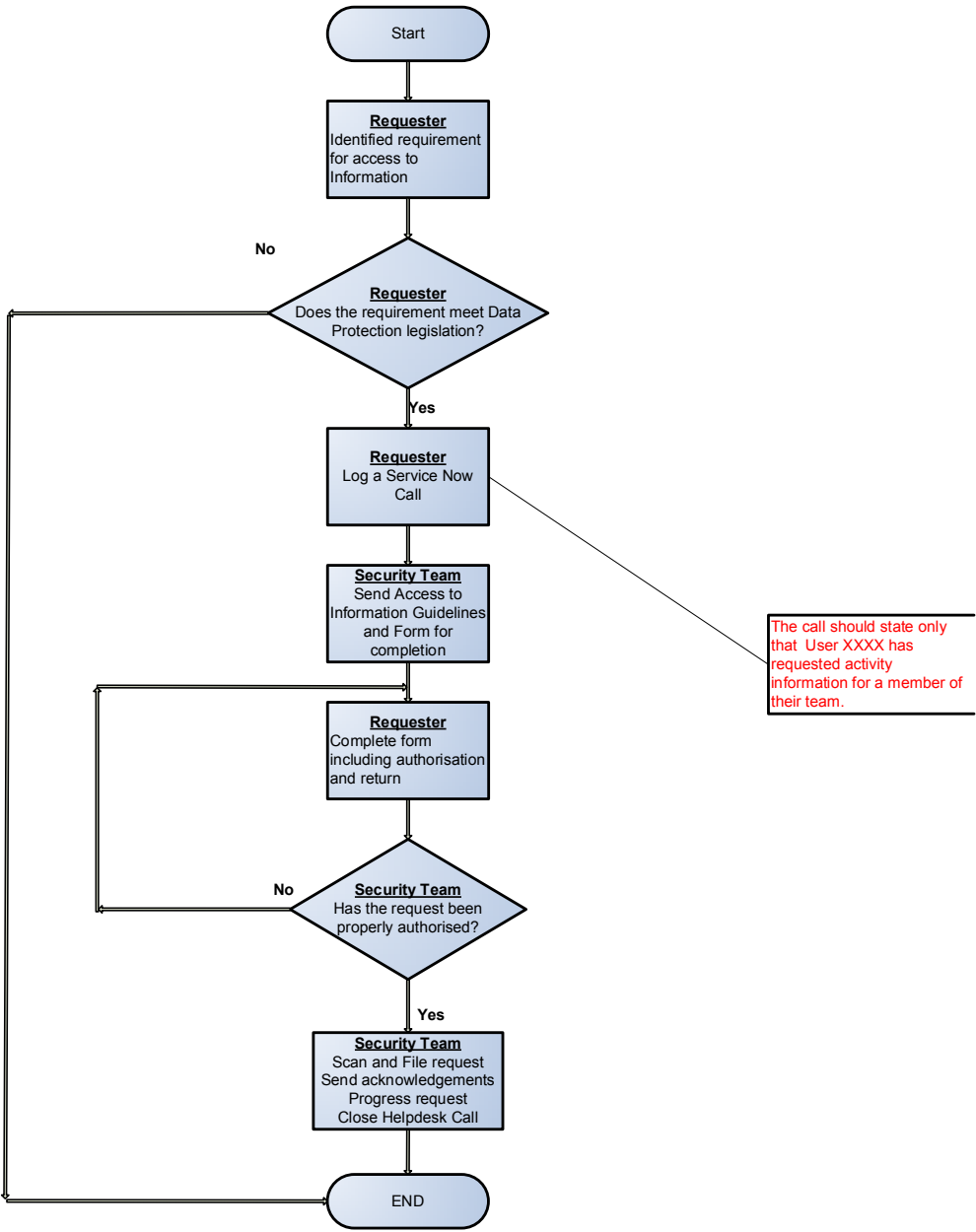
- When requesting information, the requester must ensure that they are doing so with respect to current Data Protection legislation. If in doubt further advice should be sought from their Head of Department, IT, or Legal team.
- The requester should log a [Service Now](#) call either directly or after discussion with an IT Manager or the IT Security Team. This call should contain **minimal** information stating only that it is a request for access to "activity information regarding a member of their team". Details of the person being investigated or the reasons behind the request **should not** be included.
- A Security Team member will send an "Activity Report Request Form" for completion. This form should be completed giving enough detail as to what information is required and why. The form should be authorised by Head of Department, SIRO, or Chief Executive as appropriate and signed by an HR advisor.
- Completed forms should be scanned, hand delivered or sent via internal mail back to the Security team member dealing with the request. If internal mail is used, please ensure it is in a sealed envelope and marked OFFICIAL SENSITIVE [PERSONAL].
- The Security Team member will then acknowledge receipt to the requester and the authoriser and commence with the request.
- It is the responsibility of the requester to handle any information provided with Data Protection in mind. This may include password protecting information or redaction.

ICT Procedure

- A request coming from any source is logged as a call in Service Now under the Security Team. This call should contain minimal information stating only that it is a request for access to “activity information regarding a member of their team”. Details of the person being investigated or the reasons behind the request **should not** be included.
- The Security Team will add the Service Now reference number to - and send an “Activity Report Request Form” to the requester. The Security Team will update the Service Now call stating this has been done.
- On return of the form the Security Team shall check that adequate information has been supplied to allow the request to proceed and update the Service Now call. If adequate information has not been supplied advice should be given and the form sent back for completion. Should the Security Team have any concerns regarding the information requested or the reasons for access then they should challenge and seek further authority if deemed necessary. All actions should be referenced in the Service Now call.
- The Security Team **must** ensure that the Head of Service (or their delegate) has authorised the request and that the form has been signed by an HR advisor.
- Should the requestor be the Head of Service then the form **must** be authorised by the SIRO (or their delegate).
- Should the requestor be the SIRO then the form **must** be authorised by the Chief Executive (or their delegate).
- On completion of the paperwork and authorisation the Security Team shall:
 - Scan the form and file the document securely.
 - Send an acknowledgement Email to the requester the authoriser and the HR Advisor acknowledging receipt and approval to proceed with investigation.
 - Fulfil the request.
- The information should be treated as sensitive and the following should apply:
 - Where possible mark all documents with OFFICIAL SENSITIVE [PERSONAL] in the document header or on the title page.
 - Where there are numerous documents, or you are unable to do this the folder containing the documents should have the words OFFICIAL SENSITIVE in the name.
 - Where possible information and documents should be sent password protected or in a password protected Zip file.
- On completion of the Investigation the Security Team should ensure any changes to permissions are reset then update and close the Service Now call.

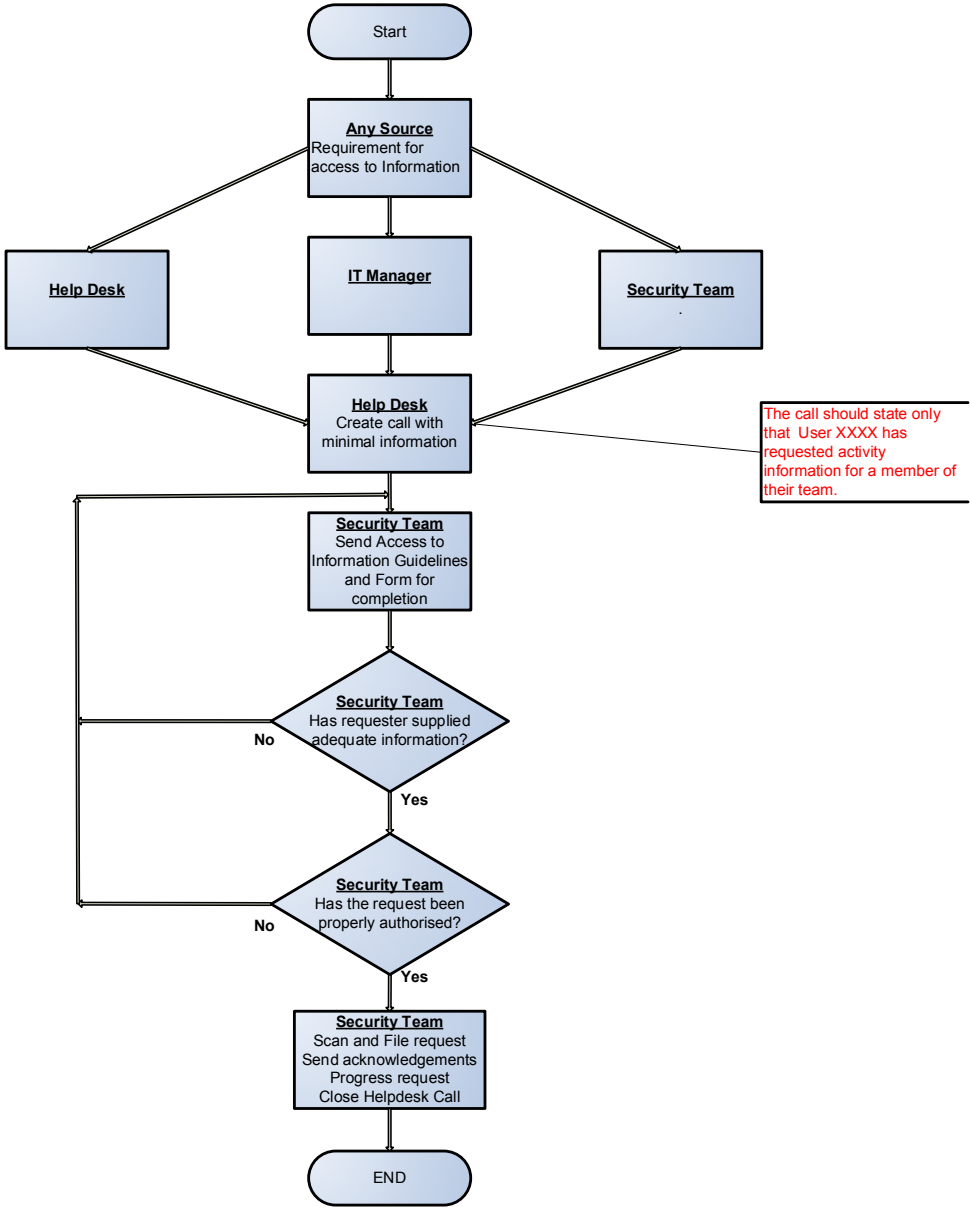
**Access to Information
REQUESTER Workflow**

Date Last Updated: 06/10/2017
Review Date: Annually
Process Owner: Security Architect



**Access to Information
ICT Workflow**

Date Last Updated: 06/10/2017
 Review Date: Annually
 Process Owner: Security Architect



Related Policy Documents

Policy and Strategy

- [ICT Acceptable Use Policy](#)
- [Employee Code of Conduct](#)
- [Protective Monitoring Policy \(Hyperlink when on Zone\)](#)

Procedures

- [Access to Information Procedure \(Hyperlink when on the Zone\)](#)

Forms

- [Access to Information Request \(Hyperlink when on the Zone\)](#)

Assessments

- [Protective Monitoring Privacy Impact Assessment \(Hyperlink when on the Zone\)](#)
- [Protective Monitoring Risk Assessment \(Hyperlink when on the Zone\)](#)

Related Legislation and Supporting Documents

Acts

- [The Data Protection Act \(1998\)](#)
- [General Data Protection Regulation](#)
- [The Computer Misuse Act \(1990\)](#)
- [The Copyright, Designs and Patents Act \(1988\)](#)
- [The Health & Safety at Work Act \(1974\)](#)
- [The Human Rights Act \(1998\)](#)
- [The Regulation of Investigatory Powers \(Scotland\) Act 2000](#)
- [Telecommunications \(Lawful Business Practices\) \(Interception of Communications\) Regulations 2000 \(LBPR\).](#)

Standards

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Regulations

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Best Practice Guides

- [National Cyber Security Centre \(NCSC\) Good Practice Guide 13 - Protective Monitoring \(GPG 13\)](#)
- [Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.](#)

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Access to Information Guide and Form

Owner:	Security Architect
Author:	Norman Hogg
Creation Date:	October 2017
Review Date:	October

Document Status:

Draft

Scope

This is a high-level guideline and request form for managers to request access to information for investigatory purposes. Please familiarise yourself with the [Protective Monitoring Access to Information Procedure \(Hyperlink when on Zone\)](#) before completion.

- **If you believe the investigation is likely to result in criminal charges then further advice must be sought. If in the process of an investigation this becomes the case the investigation must immediately stop and further advice sought. Failure to do so may prevent such charges being brought.**
- **It is important that only the information necessary to any investigation is requested.**
- **Information obtained or supplied must be treated as OFFICIAL SENSITIVE [PERSONAL] and held securely (e.g. password protected) so it cannot be accessed by others.**

- This form is for requesting access to any information Aberdeen City Council collects as part of Protective Monitoring
- All such requests require authorisation by the head of department and an HR advisor. Where the head of department is the requester then the Senior Information Risk Owner (SIRO) must authorise the request. In all cases someone more senior than the requester **must** authorise the request.
- Any request must be justified under the principles of current Data Protection legislation. In summary, they must be:

OFFICIAL-SENSITIVE [PERSONAL]

Lawful	Access must be for legitimate and lawful reasons.
Justified	There must be reasonable suspicion of wrongdoing, not just a “fishing” exercise.
Proportionate	The information requested should be proportionate to the seriousness of the suspected wrongdoing.
Necessary	Only information actually required should be requested. Access to information should be the only means available of gathering evidence required for the investigation.

- Information requested may include:
 - Browsing history (in-depth analysis which may include links clicked within sites, bandwidth usage, files uploaded/downloaded, etc.)
 - Email history (this may include access to logs, access to Emails, etc.)
 - Access history (this may include access to logs, audit trails, etc.)

Related Policy Document Suite

Policy and Strategy

- [ICT Acceptable Use Policy](#)
- [Employee Code of Conduct](#)
- [Protective Monitoring Policy](#) (Hyperlink when on the Zone)

Procedures

- [Access to Information Procedure](#) (Hyperlink when on the Zone)

Assessments

- [Protective Monitoring Privacy Impact Assessment](#) (Hyperlink when on the Zone)
- [Protective Monitoring Risk Assessment](#) (Hyperlink when on the Zone)

Related Legislation and Supporting Documents

Acts

- [The Data Protection Act \(1998\)](#)
- [General Data Protection Regulation](#)
- [The Computer Misuse Act \(1990\)](#)
- [The Copyright, Designs and Patents Act \(1988\)](#)
- [The Health & Safety at Work Act \(1974\)](#)
- [The Human Rights Act \(1998\)](#)
- [The Regulation of Investigatory Powers \(Scotland\) Act 2000](#)
- [Telecommunications \(Lawful Business Practices\) \(Interception of Communications\) Regulations 2000 \(LBPR\).](#)

Standards

- [ISO27001/2](#)

OFFICIAL-SENSITIVE [PERSONAL]

- [PSN](#)

Regulations

- [PCI DSS](#)

Best Practice Guides

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- [Information Commissioner's Employment Practices Code; Part 3 Monitoring at Work.](#)



Activity Report Request

ServiceNow Reference:	<input type="text"/>
-----------------------	----------------------

Please tick

Access requested to:	
Browsing history	<input type="checkbox"/>
Email history	<input type="checkbox"/>
Access history	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

Details of Request	
Name of Accounts Under Investigation	
PC/Laptop number	
ACC employment status	
Reason(s) for Request	

Details of Information Requested	
Information Required	
Period to be reported	
Data to be made available to	
Request made by	
Position	
Signed	
Date	

Authorisation by Head of Service or SIRO	
Request	Approved <input type="checkbox"/> Denied <input type="checkbox"/>
Name	
Position	
Signed	
Date	
Comments	

HR Advisor consulted	
Name	
Position	
Signed	
Date	
Comments	

All authorised forms should be scanned and Emailed back to the sender, delivered by hand or returned in a sealed envelope marked OFFICIAL SENSITIVE [PERSONAL] to:

Security Team, IT & Transformation, Business Hub 17, 3rd Floor North, Marischal College, Broad Street, Aberdeen, AB10 1AB

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	01 December 2017
REPORT TITLE	Enforcement of the Private Rented Housing Sector
REPORT NUMBER	CHI/17/236
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Ally Thain

1. PURPOSE OF REPORT:-

- 1.1 This report responds to instruction by Committee on 9th March 2017, “to bring a report to a future meeting of the Finance, Policy and Resources Committee outlining the options for enhancing the resources available for enforcement within the private rented housing sector and to draft a business case on how this could be done on a revenue-neutral basis.”

2. RECOMMENDATION(S)

- 2.1 The Committee is requested to:
- (i) Note the contents of the report, and
 - (ii) Agree in principle to the creation of a post of Administration Assistant (Enforcement) on a 1-year fixed-term contract and instruct Officers to take forward a detailed business case to implement the instruction.

3. BACKGROUND

- 3.1 The Finance, Policy & Resources Committee at its meeting on 9th March 2017, instructed the Director of Communities, Housing and Infrastructure to “bring a report to a future meeting of the Finance, Policy and Resources Committee outlining the options for enhancing the resources available for enforcement within the private rented housing sector and to draft a business case on how this could be done on a revenue-neutral basis.”

3.2 LEGISLATION

- **Registration of Private Landlords**

3.2.1 Legislation to require licensing and registration of landlords was introduced to improve the standards of privately rented properties in Scotland; to improve the rights of those who rent the properties, and to ensure their safety. The relevant legislation is outlined below.

- The Anti-social Behaviour etc. (Scotland) Act 2004 as amended, Part 8

3.2.2 With very few exceptions, all private landlords in Scotland must register with their local authority. Offences include:

- Failure to register is an offence
- Failure to supply certain information when applying to register is an offence
- Supplying false information when applying to register is an offence
- Failure to keep registration details up-to-date is an offence

3.2.4 Local authorities may report the above offences to the Procurator Fiscal, but there is also a limited range of other sanctions available as follows:

- When an existing Registration expires with no attempt to renew it, a £110 Late Application Fee is automatically applied to the Registration account, which must be paid by the landlord in addition to the usual registration fees. The LAF can only be applied if 2 written reminders have been issued by the local authority prior to expiry. Landlords may appeal the application of the LAF via the Council's Complaints team.
- When a previously-registered landlord fails to renew the Registration, or an unregistered landlord fails to register, the local authority may serve a Rent Penalty Notice which is designed to stop rent being collected until the landlord has registered.
- Where a landlord is deemed not to be a 'fit & proper' person, the local authority may either refuse to approve a Registration application, or revoke an existing Registration.

- The Housing (Scotland) Act 2006 as amended, Part 4.

3.2.5 Private landlords in Scotland must ensure that their rental properties comply with the following Repairing Standard:

- The property must be wind and watertight
- The property must be fit to live in, and meet the 'tolerable standard'
- The structure and exterior of the property must be in a reasonable condition
- The installations for the supply of water, gas, electricity, and for sanitation, space heating and heating water must be in a reasonable state of repair and in proper working order
- Any fixtures, fittings or appliances provided by the landlord (such as carpets, light fittings, white goods and household equipment) must be in a reasonable state of repair and in proper working order
- Any furnishings provided by the landlord must be capable of being used safely for the purpose for which they are designed
- The property must be fitted with suitable fire detection devices - there should be at least one smoke alarm in every room which is used by the

tenants, one smoke alarm in every circulation space (hallways or landings), and a heat alarm in every kitchen. The alarms should be interlinked and if installed after September 2007, they should be mains powered.

- The property must have satisfactory provision for giving warning if carbon monoxide is present in a concentration that is hazardous to health.

3.2.6 If the property doesn't reach the Repairing Standard and the landlord refuses to carry out the necessary work, then a private tenant can report their landlord to the Housing & Property Chamber First-tier Tribunal for Scotland. A recent change to the legislation introduced '3rd party reporting' whereby a local authority can report a private landlord to the First-tier Tribunal. The Tribunal has the power to issue a Repairing Standard Enforcement Order (RSEO) which instructs the landlord to carry out certain repairs by a deadline.

- It is an offence to fail to comply with an RSEO
- It is an offence to relet a rental property whilst an RSEO is in force

3.2.7 Both these offences bring the landlord's suitability as a 'fit & proper' person into question and the local authority may decide to refuse an HMO licence application or Landlord Registration application, or revoke a current HMO licence or Registration.

- **The Housing (Scotland) Act 2006 as amended, Part 5.**

3.2.8 This introduced the licensing of Houses in Multiple Occupation (HMO). Landlords in Scotland who are accommodating 3 or more unrelated persons as their 'only or main' residence, and where they share kitchen and/or bathroom facilities, must hold a valid HMO licence issued by the local authority. Offences under this legislation include:

- Operating an unlicensed HMO
- Acting as an agent for an unlicensed HMO
- Breaching an HMO licence condition

3.2.9 Local authorities may report the above offences to the Procurator Fiscal, but there is also a limited range of other sanctions available as follows:

- Where a landlord is found to be operating an unlicensed HMO, or found to be breaching a condition of the HMO licence, a Rent Suspension Order (RSO) may be served which is designed to stop the tenants from paying rent until the landlord either obtains an HMO licence or rectifies the breach of the licence condition.
- Where a landlord or agent is deemed not to be a 'fit & proper' person, or a premises is deemed unsuitable for occupation as an HMO, the local authority may either refuse to approve an HMO licence application or revoke an existing HMO licence.

- **Other Legislation**

3.2.10 In addition to the above, private landlords in Scotland have a duty to comply with various other pieces of legislation relating to private renting including Tenancy Deposit Regulations, Energy Performance Certificates, and Tenancy Agreements.

3.3 EXTENT OF THE PRIVATE RENTED SECTOR IN ABERDEEN CITY

3.3.1 The online Registration system shows that in Aberdeen City, there are currently:

- 34,315 registered landlords
- 27,947 registered rental properties

3.3.2 The HMO licensing database currently shows that in Aberdeen city there are:

- 1,276 HMO-licensed properties, with another 195 pending applications

3.3.3 It is not possible to identify the total number of unregistered landlords and unlicensed HMOs in Aberdeen City. However, as a guide, the Private Sector Housing team received 590 complaints between 2014 – 2017 related to unregistered / unlicensed activities.

3.3.4 It is also worth noting that the Council is currently investigating the introduction of a policy on 'HMO Overprovision'. If introduced this could potentially restrict the amount of HMOs in a given locality, and impact the role of any officer employed by the Council through this report.

3.4 PRIVATE SECTOR HOUSING UNIT

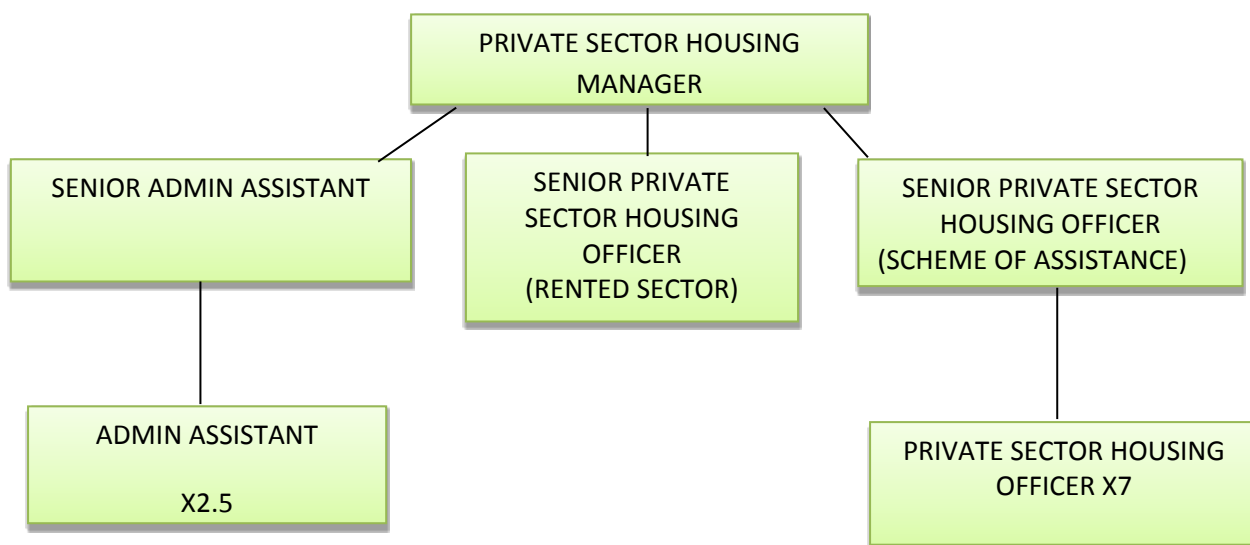
3.4.1 Activities

The Private Sector Housing Unit (PSHU) is responsible for:

- Landlord Registration
- HMO licensing
- Scheme of Assistance (Disabled Adaptation Grants and repair & maintenance of private property).

3.4.2 Staffing Complement

The PSHU staff compliment is as follows:



3.4.3 Private Rented Sector Activities

- The Senior Administration Assistant and their team of Administration Assistants handle the Landlord Registration applications submitted online and by paper, and the paper HMO licence applications. The HMO licence applications are then allocated to the Private Sector Housing Officers who handle the inspection duties liaising with the Scottish Fire & Rescue Service as appropriate.

3.4.4 Existing Enforcement Activities

PSHU staff currently:

- Handle and investigate claims/complaints by members of the public of unregistered landlords and unlicensed HMOs, to determine whether the persons are actually operating as landlords and actually operating unlicensed HMOs, then take appropriate action.
- Pursue previously registered landlords whose Registrations have expired, to determine whether they are still operating as landlords, and if so then apply the £110 Late Application Fees and serve Rent Penalty Notices.
- Pro-actively attempt to identify unregistered landlords via Council Tax records, then confirm whether or not the persons are actually operating as landlords, then take appropriate action.
- Report to the Licensing Committee any objections or concerns in respect of HMO licence applications and Landlord Registration applications.

3.4.5 Complaints received

- Complaints received about unlicensed / unregistered properties over the last three years are detailed below, as are conversion rates. The current Registration fee paid online by a landlord who owns one rental property is £59.40 every 3 years. HMO fees are on a sliding scale dependent upon the amount of tenants to be accommodated. The

majority of HMOs in Aberdeen are houses and flats where 3 – 5 tenants are resident, and the relevant HMO fee is £495 every 3 years.

Year	Unlicensed HMOs	Unregistered landlords	Additional income if all converted
2015	41	157	£29,620.80
2016	154	146	£84,902.40
2017	19	73	£13,741.20
3 year total	214	376	£128,264.40

Period	Complaints	Converted to licenced / registered	Additional fees generated
2015-17	HMO – 214	41 (19%)	£20,295
	PRS – 376	253 (67%)	£15,028.20
	Total – 590	Total – 294 (50%)	£35,323.20

- The average return per year in this period is therefore £11,774.40.

3.5 OPTIONS FOR ENHANCING ENFORCEMENT ON A REVENUE-NEUTRAL BASIS

- Landlord registration

3.5.1 The cost of the Council's Landlord Registration activities is met fully from the Registration fees paid by landlords. The Scottish Government sets the Registration fee and it has remained unchanged since Registration was introduced in 2006. Registration fees are not, by law, ring-fenced although the Scottish Government's intention is that the Registration fees first and foremost will fund the Registration activities, with any fee surplus being retained for other private sector housing activities. Thus, all Registration fees are fully committed by this Council on private sector housing issues.

3.5.2 The table below indicates the potential fee generation accruing from enforcement activity resulting in additional registration applications being submitted, based upon a fee of £59.40 per application.

Number of additional landlord applications	Fee generation
100	£5,940
200	£11,880
300	£17,820
400	£23,760
500	£29,700

- HMO registration

3.5.3 The cost of the Council's HMO licensing activities is met fully from the HMO fees paid by licence-applicants, although HMO fees are ring-fenced. In this regard, the Council sets the level of HMO fees to reflect the cost of the HMO licensing service, and the fees are reviewed each year and increased or

decreased as necessary to reflect the costs of providing the service. Any surplus of HMO fees cannot be diverted for any other use. It should be noted that HMO fees only reflect the costs of the licensing process. The HMO fees cannot fund any HMO enforcement activity.

3.5.4 The table below indicates the potential fee generation accruing from enforcement activity resulting in additional HMO licence applications being submitted, based upon a fee of £495 per application.

Number of additional HMO applications	Fee generation
10	£4,950
20	£9,900
30	£14,850
40	£19,800
50	£24,750

- Enforcement options

3.5.5 The Committee remit is to consider options for enhancing enforcement on a revenue-neutral basis, and as stated above the Landlord Registration & HMO Licensing revenues are fully committed, which means that any option involving additional resources must be funded by the generation of additional applications and therefore fees.

- Option 1

3.5.6 To continue enforcement activities using existing PSHU staff, at no extra cost. As mentioned above, the service has received, over the last 3 years, 376 complaints about unregistered landlords and 214 about unlicensed HMO landlords. These complaints are followed up and converted where required into registered / licensed properties.

- Option 2

3.5.7 The recruitment of an additional office-based Administration Assistant on a 1 - year fixed-term contract specifically to identify unregistered landlords and unlicensed HMOs by interrogation of various Council databases, principally Council Tax, and thereafter to contact the individuals to establish whether they are operating as landlords and take appropriate action as necessary. Any subsequent visiting of properties would need to be done by existing PSHU inspecting Officers. Existing PSHU Administration Assistants are paid at Grade 8 (£17,624 - £18,913 + corporate costs). At the first point of Grade 8, the total cost for an officer per year is £23,474.54. In order to cover this cost, the equivalent of 300 unregistered landlords would need to be converted, alongside 20 – 30 unlicensed HMO properties each year.

- Option 3

3.5.8 The creation of a post of 'Enforcement Officer' on a 1-year fixed-term contract specifically to work alongside the existing Administration Assistants and the Senior Private Sector Housing Officer (Rented Sector). The post would identify unregistered landlords and unlicensed HMOs by interrogation of various Council databases, principally Council Tax, and thereafter would contact the individuals to establish whether they are operating as landlords and take appropriate action as necessary. This will involve an element of

visiting properties, talking to residents etc to establish the facts to pursue appropriate action. As a new post the grade will need to be assessed though the Council's job evaluation scheme. However, a comparison with current similar roles shows that the post could potentially attract a salary on G12/13 grades. This equates to a range of £27,302 - £35,575 + corporate costs. To achieve this on a revenue-neutral basis the equivalent of 300 unregistered properties and 50 unlicensed HMO properties would need to be discovered and converted each year.

- Recommendation

3.5.9 Option 2 above is considered to be the most viable method of increasing discovery and enforcement activity while minimising financial exposure. This option is considered the lowest risk of the enhanced options, as while it requires additional fee income to be revenue-neutral, this is generated through a lower number of properties than Option 3. The role will be designed to identify and then tackle potential offenders as an enhancement to current service delivery. As noted above, the average return per year since 2015 is £11,774.40. This would require the postholder to identify a similar number of unregistered / unlicensed properties and convert them accordingly.

3.5.10 Alongside this, it is proposed that a communication plan is created to advise of the work being done in this sector, and also to publicise successes. It is hoped that this will encourage unregistered landlords to apply for registration / licensing and ultimately improve the compliance rate in the sector. If agreed by Committee, Officers will take forward a detailed business case to implement the instruction.

3.5.11 A business case to establish this fixed term post was considered by the Council's Establishment Control Board on the 19th October 2017, with permission to recruit to the post agreed.

4. FINANCIAL IMPLICATIONS

4.1 The recommendations would see increased costs incurred over the 1-year life of the additional discovery and enforcement activity.

4.2 Additional costs incurred will be funded by increased income from Landlord Registration applications which are likely to be generated by the activities.

4.3 A financial risk exists if costs are incurred with the increased activity if the additional landlord registration applications expected do not materialise.

4.5 As a new post the grade will need to be assessed though the Council's job evaluation scheme.

5. LEGAL IMPLICATIONS

5.1 As the proposal is to enhance the existing enforcement activities, there are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 Financial and Technological

- 6.1.1 If additional resources are to be deployed the costs of the landlord registration element will have to be funded from the income generated by fees. There is a significant risk that the additional fee income will not be sufficient to cover the costs of the extra post – High risk
No technological risks are identified - Low Risk

6.2 Employee

- 6.2.1 If the 'Enforcement Officer' option is agreed, an element of lone-working will be involved.
Medium Risk

6.3 Customer / citizen

- 6.3.1 Landlords who are unregistered or are operating unlicensed HMOs are committing an offence, and their tenants are at risk.
High Risk

6.4 Environmental

- 6.4.1 Not Applicable

6.5 Legal

- 6.5.1 Landlords who are unregistered or are operating unlicensed HMOs are committing an offence, and their tenants are at risk. Enforcement which brings about Registration or licensed HMOs results in compliance with the relevant legislation
Low Risk

6.6 Reputational

- 6.6.1 The Council could be criticised by 'complying' landlords for not doing enough to enforce against 'rogue' landlords.
High Risk

7. IMPACT SECTION

- 7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 Economy

- 7.2.1 The private rented sector is a key element of the housing market. It provides housing for particular sectors of the economy and in particular students and workers taking up job opportunities in the city. A vibrant private rented sector is therefore very important in supporting the local economy.

7.3 People

7.3.1 The Council is committed to improving the key life outcomes for all people in Aberdeen. Private tenants are at risk if their landlords are not registered or HMO-licensed, therefore enforcement to achieve compliance with the legislation and the various standards should result in a safer living environment for private sector tenants.

7.4 Place

7.4.1 The Council is committed to ensuring that Aberdeen is a welcoming place to invest, live and visit and operating to the highest environmental standards. Ensuring that landlords comply with their registration and licencing obligations will make it easier to identify owners of property and thereafter to ensure that they meet their property maintenance and repairing obligations.

7.5 Technology

7.5.1 No direct implications.

8. BACKGROUND PAPERS

8.1 Scottish Government Statutory Guidance on the HMO legislation
Scottish Government Guidance on Landlord Registration

9. APPENDICES

9.1 None.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	1 st December 2017
REPORT TITLE	Alternative options for storage of belongings
REPORT NUMBER	CHI/17/133
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Jim Currie and Graeme Gardner

1. PURPOSE OF REPORT

- 1.1 This report sets out options to reduce the volume of goods taken in to storage, to reduce the period for which goods are stored and to set out options to charge customers for the storage of their belongings where appropriate with a view to reducing the costs incurred by the Council.
- 1.2 These measures are designed to reduce the demand on Council services to provide furniture storage while at the same time providing a safety net for customers who are unable to make their own arrangements.

2. RECOMMENDATION(S)

- 2.1 Committee approve Option 2, at point 3.4 below, as the Charging Policy for storage of homeless households belongings which is anticipated to achieve a cost reduction of £26,898.
- 2.2 To implement the charge from 1st of April 2018

3. BACKGROUND/MAIN ISSUES

- 3.1.1 In line with the Housing (Scotland) Act 1987 (as amended) (“the 1987 Act”) in relation to Homelessness, Local Authorities are required to provide removal storage and disposal facilities for the furniture and personal belongings of people who are determined as statutory Homeless or threatened with Homelessness.
- 3.1.2. Specifically, the duty applies where
 - (a) there is a danger of loss of, or damage to, any moveable property of his by reason of his inability to protect it or deal with it, and
 - (b) no other suitable arrangements have been or are being made.

3.1.3 Furthermore, in the statutory Code of Guidance on Homelessness published by the Scottish Government it states:

“If homeless people are to set themselves up successfully in a new home, they are likely to need all or most of their existing possessions. Therefore, the preservation of their possessions benefits not only the applicant themselves, but can produce savings to the public purse in terms of homelessness recurring, or the need for such support as provision of furniture”

3.1.4 While the importance of such good practice is acknowledged, it must be noted that there has been an increasing need for storage in recent years. The lengths of storage requirement have also increased and allocated budgets have consequently been overspent.

3.1.5 Requests for Furniture Storage over the last financial year, and this financial year to date are below:

2017/18 Year to Date			
Statutory Decision	Number of Applications	Number of requests for storage	%
Unintentional	748	34	4.5%
Intentional	56	2	3.6%
Not Homeless	80	1	1.25%
Resolved Homeless	19	0	0%
Ineligible	21	1	0%
Withdrawn	48	0	0%
Lost Contact	28	0	0%
Waiting Assessment	69	0	0%
Total	1069	38	3.6%

2016/17			
Statutory Decision	Number of Applications	Number of requests for storage	%
Unintentional	1203	53	4.4%
Intentional	53	3	5.7%
Not Homeless	57	1	1.8%
Resolved Homeless	33	1	3.0%
Ineligible	43	0	0%
Withdrawn	28	0	0%
Lost Contact	73	1	1.4%
Waiting Assessment	0%	0%	0%
Total	1490	59	4.0%

3.1.6 The spending for the previous three financial years is as follows:

2014/15	£108,717
2015/16	£112,784
2016/17	£89,955

3.1.7 Actions have already been implemented to reduce the level of spend, for example, disposing of items that were being stored on behalf of the council's Furniture Leasing Scheme and the combining of smaller lots of storage. Officers are continuing to ensure spend is minimised by actively case managing items that are in storage. Therefore there is little further scope to reduce spend.

3.1.8 At the same time homelessness presentation in 2017/18 have increased, therefore there is a risk that spend will increase in 2017/18.

3.1.9 The 1987 Act also permits "the making and recovery by the authority of reasonable charges for the action taken"

3.2 *Current Practice*

3.2.1 When a customer presents to the Council as homeless, and an application is triggered, a Case Officer will advise him/her of our statutory duty to store their belongings. If a need for storage is identified, and the service requested, the Case Officer will refer to the Housing Support Service to arrange the storage of customers' belongings. Greater emphasis on the need to ascertain the volume

of goods that require to be stored would help reduce demand and consequent cost of storage, as would a greater emphasis on identifying alternative arrangements and to enquire into the ability of customers to make such arrangements. As there is currently no charge to the customer for utilising these services, and as they are not aware of the costs incurred to the Council, there is little deterrence and consequently no opportunity to reduce demand.

- 3.2.2 The Council has a contract with a local charity, Instant Neighbour, for storage. This is a standalone contract and not a service that is available to the general public. This contract will be subject to tender as indicated in report CHI/17/038, with an outcome of this tender expected by January 2018.

3.3 *Practice of other local authorities*

We have consulted with a number of other local authorities who have provided us with details of their policies. Shelter Scotland has also advised that most Local Authorities will charge for the protection of a homeless person's property, although some charges will be waived where individuals are on a low income or receive benefits.

- 3.3.1 The practice of Moray Council is as follows:

The Housing Needs Officer will ask the applicant to contact three removal/storage companies and obtain an estimate for the removal and storage of the goods identified. The applicant will provide the Housing Needs Officer with the estimates as soon as they receive them or will ask the removal/storage company to forward the estimates directly by post, email or fax to the Housing Needs Officer.

- 3.3.2 This policy is more participatory on the customer's behalf, encouraging the sourcing of alternate solutions and assuring that the customer is aware of the cost of the service. The recommendations in this report encourage this element of participation, whilst also offering an alternative for the customer.

- 3.3.3 The practice of Aberdeenshire Council is as follows:

-Where a storage cost is incurred:

- (a) The full cost will be recharged where the customer is employed and not in receipt of Housing Benefit, however, the option to pay in instalments will be offered, if necessary. Note that where a charge is due, the customer should be advised that it is in their interests to arrange their own storage if possible as they will also incur a 10% administration charge by the council in addition to the storage cost.
- (b) If the customer is on full or partial Housing Benefit there will be no charge.

(c) If the customer is not employed and not entitled to Housing benefit (e.g, has too much capital, students) the full charge will be made with the option to pay by instalments if necessary.

- The proposed practice for Aberdeen City Council would involve a similar charging policy to that of Aberdeenshire Council (subject to our existing “Contributing to Your Care” policy) but it is not planned to raise an administration charge.

3.3.4 Glasgow City Council are currently at the same stage as ourselves. They do not charge for the service at present, but are preparing a case to introduce a charging policy. They reported the same issues as Aberdeen City Council such as large loads of items being stored and charges for storage that cost many times more than the cost of the goods.

3.3.5 Dundee City Council do not charge for storage, however their costs are reduced by using their own storage facilities. The service is also funded in part through their Housing Revenue Account.

3.4 Options for Future Practice

- Option 1

- Do nothing - continue operation as at present and continue to develop other initiatives to reduce the “homeless journey” time which will impact on the time that customers are in temporary accommodation and the length of time required for storage.

- Option 2

- Save an estimated £26,898 each year by introducing a charging policy, with the following underlying principles:

1. Customers should be advised of the charge for the service.
2. Customers should be encouraged to make alternate arrangements for the storage of items.
3. A limit will be placed on the amount that each customer will be permitted to place in storage. This will ensure that essential items can be stored, but not an unnecessary amount of additional items. *Actions 1 – 3 would make an estimated annual saving of £5,000.*
4. Customers should be encouraged to minimise the amount of belongings that they place in storage. *It is estimated that this will result in an annual saving of £9,500*
5. Customers should be charged for the service if and when they have the means to pay. This would be subject to financial assessment, as indicated in section 4 below. *It is estimated that this will result in an annual saving of £3,848 assuming that the charge recovers the full cost of the service.*

6. Payment may be delayed until customers have been allocated their settled accommodation.
7. Customers can be given the option to donate their household goods to charity on the understanding that all such goods will be replaced when they move into permanent accommodation. Customers will be aware of the goods that will be received in order to make an informed decision. At present, the cost of storing such goods costs many times more than the value of the goods. *It is estimated that this will result in an annual saving of £8,550.*
8. The introduction of a charge is largely aimed at diverting customers from placing unnecessary large quantities of furniture into storage and to consider alternative storage provision. We anticipate that there will only be few people who will be charged for the service and this will happen after a financial assessment has been undertaken.

- Option 3

- Introduce a charging policy including the elements outlined above in option 2, with the additional requirement of customers obtaining three alternative quotes for storage, as currently operated by Moray Council. Officers are not recommending this option as it is an unnecessary extra burden on customers at a time of crisis. They are, of course, free to obtain any quotes that they wish and would be encouraged to do so

- Option 4

- Introduce a charging policy including the elements above in option 2, with the addition of an administration charge similar to that operated by Aberdeenshire Council. This option is not recommended as the administration of the service is an integral part of our duty and it would not be appropriate to raise an additional charge.

3.5. Customer Survey

3.5.1 To establish whether the existence of a charge would have altered the behaviour of customers, officers conducted a survey of those who had previously used storage by Aberdeen City Council

- 85% would have reduced the volume of items that they placed in storage;
- 62% would have arranged to store items with family and friends; and
- 15% would have made their own arrangements with a storage provider.
- 85% indicated that they would be interested in donating furniture and white goods to charity and to have them replaced when they took up their new accommodation.

- 23% of people indicated that they would no longer have need for any storage.
- 62% indicated that, having reduced the amount of items that they place in storage, they would be unable to afford to store the remainder.

3.5.2 This supports the suggestion that a charging policy would encourage goods to be diverted from storage.

4. FINANCIAL IMPLICATIONS

4.1 The introduction of a charging policy is intended both to recoup some of the costs of the service, but also to encourage customers to make alternative arrangements for the storage of their belongings.

4.2 It is estimated that the cost of storage will reduce by £26,898, as detailed in Appendix 1. This estimated saving may change due to actions that customers take in reaction to the introduction of charging and to the level of homeless presentations.

4.3 The amount to be charged to customers will be subject to financial assessment. Due to individual financial circumstances, it is not possible to establish the exact level at which people will pay any charge. Worked examples show that there would be no charge for people in receipt of benefits who do not have assets and no charge of those on low incomes. The charge for storage of belongings would “rank” below other chargeable services, so this would further reduce the number of people who would be liable for this charge if they are already in receipt of other chargeable services.

4.4 Indicative amounts available for charge at varying income levels are as follows

Income level	Under 60	Over 60
£10,000	£0.00	£0.00
£12,000	£26.64	£0.00
£14,000	£52.41	£7.52
£16,000	£78.18	£33.29

4.5 A tender is currently in progress for renewal of the service. The current charging method involves a charge per square footage of floor space required. Our tender has asked for a charging method involving cubic metres of storage. Worked examples based on current lots of storage have indicated that this may result in a saving of approximately 20%, equating to an additional cost reduction of £20,000 per annum.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report

6. MANAGEMENT OF RISK

- 6.1 Customer/Citizen - There is a risk that, by introducing a charge to a customer group who may already be on a low income, “uncollectable debt” is introduced onto our financial system. This has been highlighted by colleagues in Income Management. This risk is mostly mitigated by the fact that the recommended policy principally seeks to reduce the amount of furniture placed in storage and there will be appropriate financial assessments in place to exempt those who would not be able to afford to pay.
- 6.2 The following categories have been considered, and no risk has been identified:- Financial, Employee, Environmental, Technological, Legal and Reputational.

7. IMPACT SECTION

7.1 People

- 7.1.1 An Equality and Humans Right Impact Assessment has been undertaken as part of the process of developing the charging policy.
- 7.2 At this stage it is not felt that the introduction of charging for furniture storage will have an adverse effect on any group due to the mitigating measures that are proposed.

7.3 Economy, Place Technology

- 7.3.1 The categories of economy, place and technology have been considered and it is not considered that there will be an impact in these areas.

8. BACKGROUND PAPERS

Scottish Government Code of Guidance on Homelessness
<http://www.gov.scot/Publications/2005/05/31133334/33492>

Housing (Scotland) Act 1987
http://www.legislation.gov.uk/ukpga/1987/26/pdfs/ukpga_19870026_en.pdf

Shelter Guidance on the Storage of Belongings
http://scotland.shelter.org.uk/get_advice/advice_topics/homelessness/help_from_the_councils_housing_department/what_happens_after_ive_made_my_application/storage_for_personal_belongings

9. APPENDICES (if applicable)

Appendix 1 Anticipated Reduction in Costs

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Appendices

Appendix 1: Anticipated Reduction in Costs

Current Spend		£100,000
Anticipated Reductions	Saving	
No Longer Required (1)	5%	£5,000
Reduction in Volume (2)	10%	9,500
Sale/Buy Back (3)	10%	8,550
Income from Charging (4)	5%	<u>3,848</u>
		<u>26,898</u>
		<u>£73,103</u>

Notes

- 1 This reduction is achieved from clients who will find an alternative arrangement to store their belongings.
- 2 This reduction is achieved from clients who when faced with a charge, will reduce the volume of items being placed in storage.
- 3 This reduction is achieved from clients who would be happy to dispose of "white goods and furniture on the understanding that they will be replaced when they take up a new tenancy.
- 4 This is the amount that will be raised by operating a charging policy.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Towards A Fairer Aberdeen That Prospers For All 2017 – 20 - 'Food and Fun'
REPORT NUMBER	CHI/17/132
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Neil Carnegie

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to provide feedback on the “Food and Fun” work undertaken in priority localities across the city during the school Summer holidays 2017.

2. RECOMMENDATIONS

- 2.1 Committee is recommended to:

- a) Note the content of the report and positive impact the provision of food and fun had within the pilot neighbourhoods
- b) Request the Head of Communities and Housing to reports back to the next Finance, Policy and Resources committee setting out a plan for providing meals to school children during school holidays and the budget requirements to deliver this.

3. BACKGROUND/MAIN FINDINGS

- 3.1 Delivering a mix of good food provision and enrichment opportunities outside the busy school calendar year not only helps alleviate hunger but it can support working parents and those struggling with family food budgets in pressured holiday periods. It can also raise children’s aspirations, offer safety and give opportunities for fun and socialising.
- 3.2 The cost of meals during school holidays, particularly for those pupils entitled to free school meals, has been identified as a financial burden on low income families and those families in poverty. The Child Poverty Action Group (CPAG) report, Cost of the School Holiday, highlighted the impact of this on families and the further disadvantage it can cause.
- 3.3 The Finance, Policy and Resources committee at its meeting on 9 March 2017 determined that we should pilot a school holiday meal programme for

school children in three schools in summer 2017 and provide a report back to committee within nine months. £90,000 was allocated in the 2017/18 general fund budget to deliver this pilot programme.

- 3.4 The programme was to reach families who were most in need by offering spaces firstly to those who were entitled to free school meals. It was also to target regeneration areas in order to provide enhanced support to the areas which are facing the most financial difficulty in the city. This would also include people on the fringe of entitlement to free school meals who are struggling financially.
- 3.5 Evidence from similar programmes in other areas is that food should be provided alongside an activities programme. This is important to encouraging children to accept the meals on offer and also to support health and wellbeing through keeping children active. Hence, in each of the three pilots the food was provided alongside activity programmes, a short video of the fun and food activity at Bramble Brae is available at appendix two.
- 3.6 The pilot programme was delivered in Torry, Cummings Park, and Woodside. A detailed evaluation is appended to the report. The following summarises the programmes delivered and key findings.

3.7 Torry

- 3.7.1 The programme in Torry was delivered in four strands
- 3.7.2 Hip hop. The first week was an intensive hip hop class which was targeted at children with the most need at Tullos. The teachers identified the kids who were invited to attend. The course ran from 9-5 Monday to Friday with a break for lunch. They covered all styles of hip hop with professional dance teachers and at the end staged a performance for their families. Cfine provided most of the food for this week and the children rose to the challenge of a full time activity course. (18 children x 5 days = 90 lunches)
- 3.7.3 Balnagask Community Centre benefitted from lunches from the communities team for 3 of their summer trips – they provided all activities for their playscheme themselves. (35 children x 3 days = 105 lunches)
- 3.7.4 “Food and Fun” Fridays – Torry Sports Centre, Oscar Road. Active Schools ran a programme of activities every Friday during the summer holidays. P1-3 attended in the mornings and had an early packed lunch. Then P4-7 arrived for a packed lunch followed by activities. On average about 20 attended the mornings and about 15 the afternoons = 245 lunches.
- 3.7.5 “Food and Fun” at Tullos. In partnership with Aberdeen Football Club Community Trust (AFCCT) we also offered mornings and afternoons on the above split of ages. Similar numbers attended for the 8 days = 280 lunches.
- 3.7.6 In total 720 lunches were provided to school children through the programme. 123 school children participated in the programme. With the exception of week 1 (where food was provided via Cfine and prepared by communities staff) all meals were packed lunches provided by the Council catering service.

3.8 Cummings Park

3.8.1 The “Food and Fun” project at Bramble Brae Primary School was delivered in partnership with Aberdeen Football Club Community Trust (AFCCT) and won a special success Award at The Children and Young People’s Services Award Ceremony on 27th September 2017.

3.8.2 Food was provided by ACC catering services and consisted of each child having at least one hot meal each week and a build your own sandwich meal. A salad bar was available every day and additional extras (fresh fruit, yoghurt and water) were provided free by CFine and Tesco. Build your own sandwiches were very popular with the children and also allowed staff and volunteers to encourage the children to try healthy options.

3.8.3 The staff and volunteers were encouraged to sit and have lunch with the children. This allowed them to develop great relationships with the children and allowed the opportunity to develop skills around meals. The children were encouraged and supported to set tables and help to serve the food.

- 209 lunches were provided to P1-P3 children
- 198 lunches were provided to P4-P7 children
- Of the 67 children booked onto the summer “Food and Fun” programme, 65 children enjoyed 1 or more sessions throughout the 7 weeks. 52% of children that attended receive free school meals.

3.8.4 Additional funding was sought to allow AFCCT to deliver the activities during the 7 week project. They also provided additional resources – staff, volunteers, First Team player visit, mascot visit and access to free tickets for a home game. Their staff voluntarily stayed during lunch to supervise and build stronger relationships with the children. Without this partnership there would have been additional costs for staff to supervise at lunchtimes.

3.8.5 In total 407 lunches and 407 breakfasts were provided.

3.9 Woodside

3.9.1 A summer play scheme for primary school children running two days each week for five weeks was already planned and funded from other sources, so the programme here was to provide the food. The play scheme was organised and delivered by the Woodside Community Centre Association.

3.9.2 200 meals were provided over the five week programme and the majority to children entitled to free school meals.

3.10 Summary of findings

- In total 1,734 meals were provided over the three pilot areas
- The majority of meals were provided to children entitled to free school meals
- The total cost of providing the meals was £6,357
- The average cost per meal was £3.66
- Overall satisfaction with the Food & Fun programmes was high. 98.4% of parents indicated that their child enjoyed attending
- Over 40% said their child's behaviour at home was better since attending

- Overall the children were happy (86%) with attending the Food & Fun summer holiday clubs
- Overall, the majority of children were happy with the taste (96%), choice (87%) and amount (94%) of food on offer
- Over 50% of parents said they find **it harder to makes ends meet** during the school summer holidays
- Over 80% **spend more on food** during the summer holidays
- Almost a third sometimes find themselves **without enough money to buy food**

3.11 The pilot programme confirmed the importance of providing activities alongside food provision. Also the significant contribution charities, community groups and business can make to supporting a sustainable future programme.

3.12 It is important to note that various community groups also provide meals to children during school holidays with no assistance from the Council.

4. FINANCIAL IMPLICATIONS

4.1 £90,000 allocated in the 2017/18 general fund for this pilot, £6,357 has been used providing food and £83,643.30 is unspent. The £6,357 does not include any activity/food provided at no cost to the Council, for example from Aberdeen Football Club Community Trust (AFCCT), CFine and Community Groups. Any future budget provision should consider the cost of these services.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report. Budget for any future programme will be considered through the budget setting process.

6. MANAGEMENT OF RISK

6.1 The following categories have been considered and no risks have been identified:- Financial, Employee, Customer/Citizen, Environmental, Technological, Legal and Reputational.

7. IMPACT SECTION

7.1 Economy

7.1.1 The Council aims to support improvement in the local economy to ensure a high quality of life for all people in Aberdeen. This proposal will impact on quality of life improvements for children by providing “Food and Fun” during holiday periods, where otherwise they may suffer from the effects of poverty and hunger which have a direct correlation to poor educational attainment.

7.2 People

- 7.2.1 The Council is committed to improving the key life outcomes of all people in Aberdeen and so has agreed a set of Equality Outcomes (2017-21). This proposal will impact on people via supporting families, providing free “Food and Fun” for children during school holiday periods. This proposal is inclusive and open to all children, irrespective of protected characteristics. This proposal will have a positive impact upon children and families who are experiencing poverty.
- 7.2.2 This proposal will improve the staff experience by ensuring staff have the necessary resources to support families in need.

7.3 Place

- 7.3.1 The proposal has a positive impact on the environment in terms of working with families to increase community resilience and cohesion. Children and families will meet new friends and build new support networks.

7.4 Technology

- 7.4.1 There is no impact on technology.

8. BACKGROUND PAPERS

CHI/17/004 Towards A Fairer Aberdeen That Prospers For All 2017-20 (9 March 2017)

CHI 16/2831 Tackling Food Poverty – Update Report (1 December 2016)

CHI/16/003 Sustainable Food Cities

CHI/16/187 Sustainable Food Cities - Tackling Food Poverty.

Filling The Holiday Gap (Update 2015) - All-Party Parliamentary Group on Hunger

Deprivation In Aberdeen City, An analysis of the Scottish Index of Multiple Deprivation 2016, ACC Research and Information Team

Poverty In Aberdeen City, produced by ACC Research and Information Team

A Scotland without fuel Poverty is a fairer Scotland, Report of the Scottish Fuel Poverty Strategic Group to the Scottish Government

A Scotland without Poverty, Dr Jim McCormack, Joseph Rowntree Foundation, February 2016

Dignity, Ending Hunger Together In Scotland, The Report of the Independent Working Group on Food Poverty, June 2016

Empowering Scotland’s Cities, June 2016

9. APPENDICES

Appendix 1 - Parent and Children evaluation

Appendix 2 - https://youtu.be/QpATo_mkiCw

10. REPORT AUTHOR DETAILS

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Food and Fun Evaluation

Parents Follow-up Questionnaire

Combined results from Bramble Brae, Torry/Tullos, Woodside

Parents Follow-up Questionnaire

- 79 parents in total completed a questionnaire
- 21 from Bramble Brae, 41 Torry/Tullos, 17 from Woodside
- Not all questions were completed, % are shown for completed questions

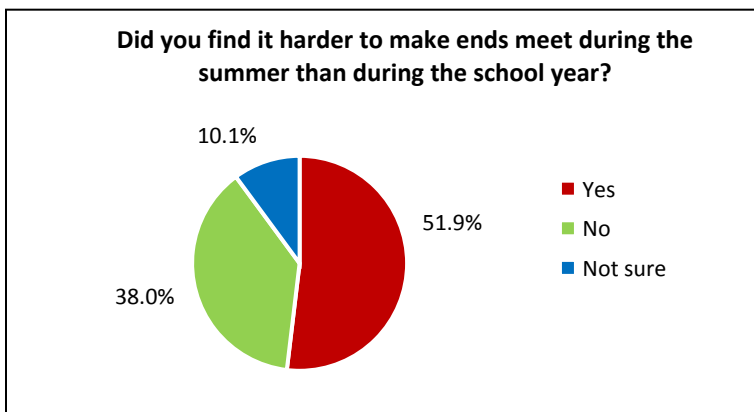
Summary of parents' questionnaire findings

- Over half of parents (41/79) said they find **it harder to makes ends meet** during the school summer holidays
- Over 80% (63/78) **spend more on food** during the summer holidays
- Almost a third (26/79) sometimes find themselves **without enough money to buy food**
- 84% (53/63) **spend more on activities** than usual
- Overall satisfaction with the Food & Fun programmes was high. 98.4% of parents (60/61) indicated that their child enjoyed coming to food & fun (n=1 was "not sure") and were happy with the activities on offer (93.4%)
- 28 (41.8%) said their child's behaviour at home was better since going to Food & Fun
- Over 97% of parents who completed a questionnaire said they would be happy like their child to attend Food & Fun in the following year

Q1. Did you find it harder to make ends meet during the summer than during the school year? N (%)

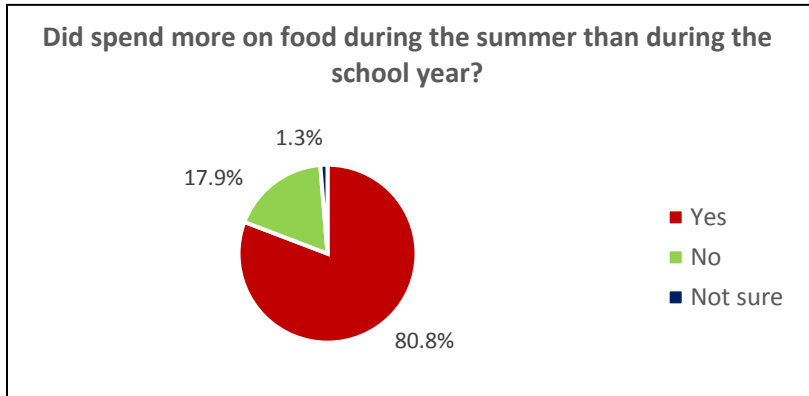
	Yes	No	Not sure	Total
Bramble Brae	9 (42.9)	12 (57.1)	0	21
Torry	21 (51.2)	14 (34.1)	6 (14.6)	41
Woodside	11 (64.7)	4 (23.5)	2 (11.8)	17
Total	41 (51.9)	30 (38.0)	8 (10.1)	79

Note: % shown are for each location



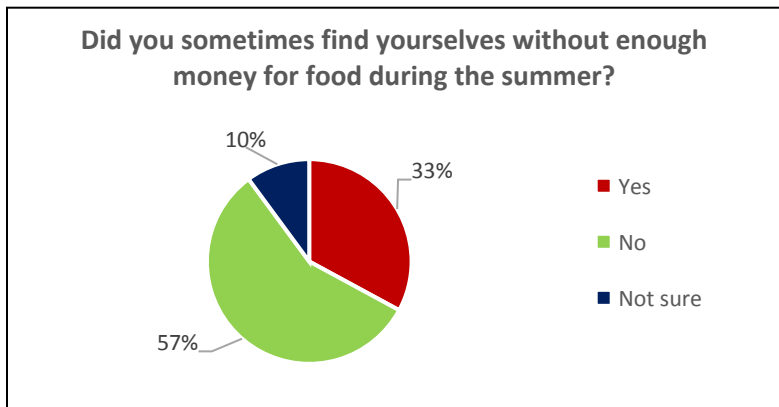
Q2. Did spend more on food during the summer than during the school year? N (%)

	Yes	No	Not sure	Total
Bramble Brae	13 (65.0)	6 (30.0)	1 (5.0)	20
Torry	34 (82.9)	7 (17.1)	0	41
Woodside	16 (94.1)	1 (5.9)	0	17
Total	63 (80.8)	14 (17.9)	1 (1.3)	78



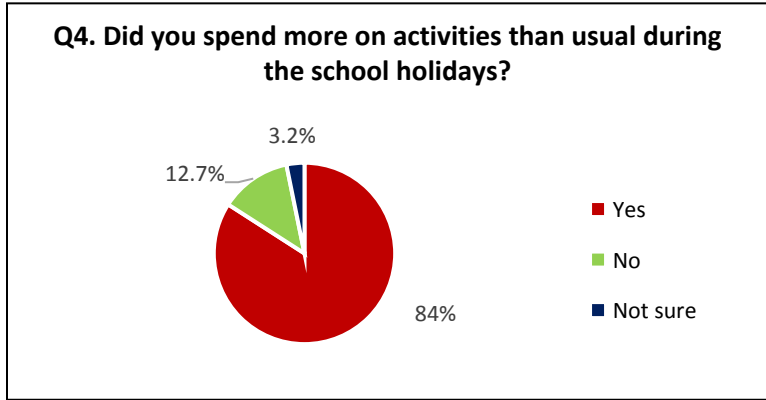
Q3. Did you sometimes find yourselves without enough money for food during the summer?

	Yes	No	Not sure	Total
Bramble Brae	8 (38.1)	10 (47.6)	3 (14.3)	21
Torry	8 (19.5)	29 (70.7)	4 (9.8)	41
Woodside	10 (58.8)	6 (35.3)	1 (2.1)	17
Total	26 (32.9)	45 (57.0)	8 (10.1)	79



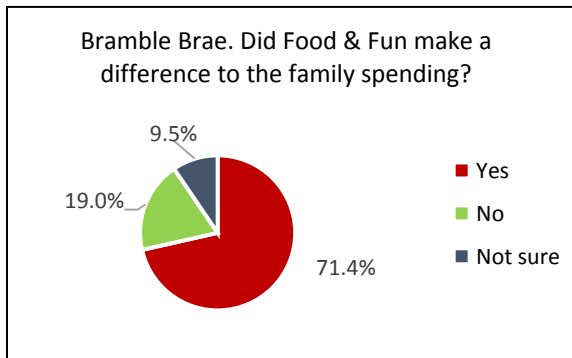
Q4. Did you spend more on activities than usual during the school holidays?

	Yes	No	Not sure	Total
Bramble Brae	11 (55.0%)	7 (35.0%)	2 (10%)	20
Torry	25 (26.2%)	1 (3.8%)	0	26
Woodside	17 (100%)	0	0	17
Total	53 (84%)	8 (12.7%)	2 (3.2%)	63



Q5. Did Food & Fun make a difference to your family spending in the summer holidays? N (%)

	Yes	No	Not sure
Bramble Brae	15 (71.4%)	4 (19.0%)	2 (9.5%)



Q6. Did your child enjoy coming to Food & Fun?

- 98.4% of parents (60/61) indicated that their child enjoyed coming to food & fun (n=1 was "not sure")

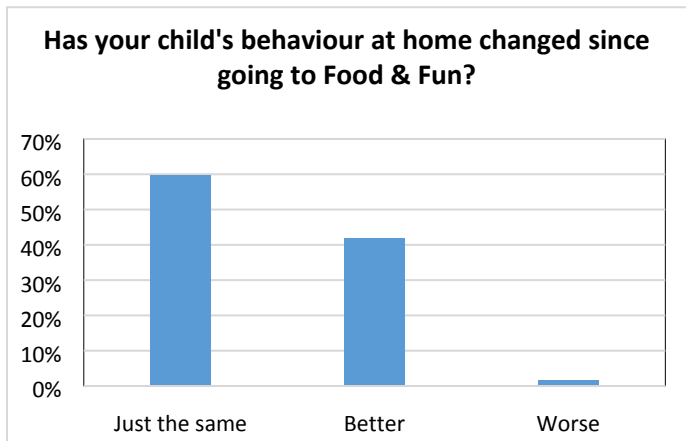
Q7. How do you rate the activities at Food & Fun?

- Overall 57/61 parents indicated that they were Happy with the activities on offer (93.4%)

	Happy	Not Sure	Unhappy	Total
Bramble Brae	18 (90%)	1 (5%)	1 (5%)	20
Torry	23 (95.8%)	1 (4.2%)	0	24
Woodside	16 (94.1%)	1 (5.9%)	0	17
Total	57 (93.4%)	3 (4.9%)	1 (1.6%)	61

Q8. Has your child's behaviour at home changed since going to Food & Fun? Is it?

	Better	Worse	Just the same	Total
Bramble Brae	5 (25.0%)	1 (5%)	14 (20%)	20
Torry	14 (35%)	0	26 (65%)	40
Woodside	9 (52.9%)	0	8 (47.1%)	17
Total	28 (41.8%)	1 (1.5%)	40 (59.7%)	67



Q9. If the Food & Fun holiday club was to run next year, would you like your child to go?

	Yes	No	Not sure	Total
Bramble Brae	18 (90%)	2 (10%)	0	20
Torry	39 (100%)	0	0	39
Woodside	16 (100%)	0	0	16
Total	73 (97.3%)	2 (2.7%)	0	75

- Over 97% of parents who completed a questionnaire said they would like their child to attend Food & Fun in the following year

Free text comments

What was the best thing about Food & Fun?

Food & activities

- *It was good they got packed lunches. The trips was good.*
- *Pack lunches being provided and going trips helped a lot*
- *Got nice food and did lots of activities*
- *Getting a meal and going to parks*
- *My children enjoyed the games and sandwiches*
- *The reason I allowed him to attend was to socialise and have fun. The food aspect is below the standard*

Costs

- *The kids thoroughly enjoy going on trips and the pack lunches helped keep extra food costs down.*
- *free sporting activities that the children got to try out*
- *A couple of hours my son got to see his school friends and have fun and it was free*
- *He had something to do on rainy days and the money I saved with him going to club meant I had money for other treats and activities. Also the chance to see his friends*
- *Activities that were offered. Great staff did great. Filled up the 7 weeks and I couldn't afford holiday - great idea*

Specific activities and play

- *He enjoyed playing sports like football with other kids*
- *Our son says he gets to play outdoors and he gets to play team games*
- *My son got a chance to play with his school friends (which he may not have had the chance to without the club).*
- *The children get to socialise with friends in the holidays - children have great fun and exercise*
- *My daughter enjoyed the arts and crafts*
- *Adventure Aberdeen, football*
- *The choices of activities they did this year was fab. It took up their time and gave them something to look forward too and help pass the 7 weeks*
- *Adventure Aberdeen, gym hall activities, kept them occupied*

Other benefits

- *I got peace and quiet*
- *My child got to meet other children and it took him away from the door as he is not allowed to play on his own because two of the neighbours have a pick on him and have called the police three times this holiday already and all because he is loud and noisy.*
- *L gets to see her friends and also mix with other children, she won't feel so nervous going back to school.*
- *The kids really enjoyed going and having fun and couldn't wait to come back every week*
- *Close location and children the same age as my son.*
- *My 3 children just loved Food and Fun. My son has autism and this club has helped big time with giving him routine. My girls also loved being able to socialise with their school friends*
- *T enjoyed the golf and swimming sessions. All helpers were very friendly and Tyler loved going. It made my life easier as Tyler comes to work with me so the 2 days at club meant we both got a break and resulted in happier family for the summer*

Do you have any suggestions to improve Food & Fun for the future?

- *None they do a brilliant job; Everything was fantastic; nothing though it was really well ran*
- *More and different trips; More activities;*
- *More days a week*
- *I think the older group are fantastic but maybe arrange a couple of day trips for the younger ones. e.g. trips to park with parent help*
- *make it a wee bit longer and let the little ones go out on outings i.e. parks etc*
- *Baking - he would have loved that and just dance on wii, yoga, clay modelling, movie time*
- *Is it possible if there is space in any sessions to open up to allow older/younger kids into other sessions? This would help working parents like myself*
- *great job - fantastic idea - thank you to all involved :-)*
- *No as S is always excited telling me what he has done that day going home in the car. Just to say that the staff have done a wonderful job with S and I am very grateful for the time he has had with other children without family to be with him 24/7 - far fewer the police are called and that S has been allowed to express himself without any questions or stress*
- *extra days, longer sessions; longer sessions and day trips*
- *Yes - would be better if it was on from 9.30 - 12.30 instead of just the 2 hours*

Not all were positive –

- *Would be to advertise the play scheme earlier as a few parents from Walker Road were unaware*
- *The organisers should ensure the food served during food and fun should meet standard health and safety. My son always complained of stomach pain/ache. I immediately stopped him from attending the programme*




Children's Questionnaire

- A total of 112 children who attended the Food & Fun summer holidays programmes AND completed a questionnaire
- 30 from Bramble Brae, 61 from Torry/Tulllos and 21 from Woodside

Summary points




- Overall the children were happy (86%) with attending the Food & Fun summer holiday clubs
- Over 82% were happy with the food on offer
- Over 92% were happy with the activities
- Overall, the majority of children were happy with the taste (96%), choice (87%) and amount (94%) of food on offer

Q1. What do you think of the Food and Fun club?




				Total
Bramble Brae	26 (92.8%)	1 (3.6%)	1 (3.6%)	28
Torry/Tulllos	49 (80.3%)	12 (19.7%)	0	61
Woodside	20 (95.2%)	1 (4.8%)	0	21
Total	95 (86.4%)	14 (12.7%)	1 (0.9%)	110

Note: % shown are for each location

Q3. What did you think of the food?

				Total
Bramble Brae	25 (83.3%)	5 (16.7%)	0	30
Torry/Tulllos	48 (80%)	11 (18.3%)	1 (1.7%)	60
Woodside	19 (90.5%)	2 (9.5%)	0	21
Total	92 (82.8%)	18 (16.2%)	1 (0.9%)	111

Q4. What did you think about the activities?

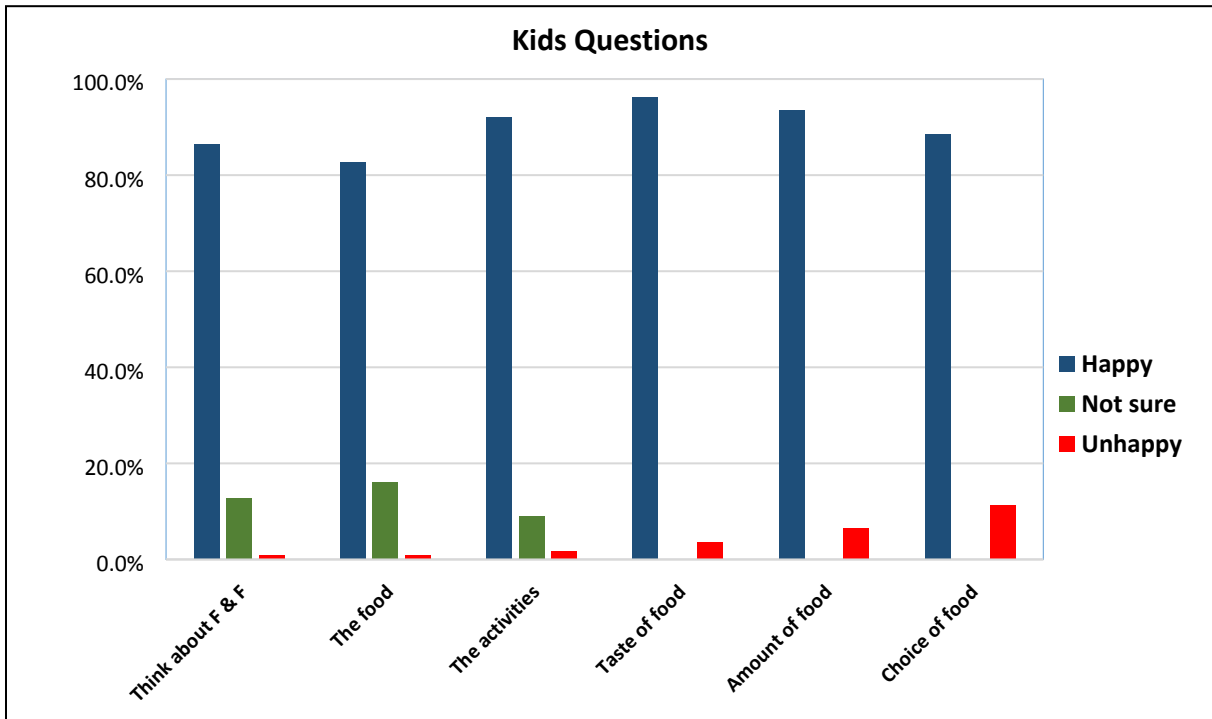
				Total
Bramble Brae	25 (86.2%)	4 (13.8%)	0	29
Torry/Tulllos	52 (86.7%)	6 (10%)	2 (3.3%)	60
Woodside	21 (100%)	0	0	21
Total	98 (92.1%)	10 (9.1%)	2 (1.8%)	110

Q6. At lunch time, which of these things are you happy or unhappy with?

TASTE OF THE FOOD			
	😊	☹️	Total
Bramble Brae	29 (100%)	0	29
Torry/Tullos	54 (94.7%)	3 (5.3%)	57
Woodside	20 (95.2%)	1 (4.5%)	21
Total	103 (96.3%)	4 (3.7%)	107

AMOUNT OF FOOD			
	😊	☹️	Total
Bramble Brae	27 (93.1%)	2 (6.9%)	29
Torry/Tullos	52 (91.2%)	5 (8.8%)	57
Woodside	21 (100%)	0	21
Total	100 (93.5%)	7 (6.5%)	107

CHOICE OF FOOD			
	😊	☹️	Total
Bramble Brae	25 (89.3%)	3 (10.7%)	28
Torry/Tullos	47 (83.9%)	9 (16.1%)	56
Woodside	21 (100%)	0	21
Total	93 (88.6%)	12 (11.4%)	105



Children's comments

Q2. What was the best thing about the Food and Fun club?

There was a wide range of responses from the children to this question. Comments have been selected to give an overview and grouped together below.

Food - Food; BBQ, Crisps, Hamburger was tasty, Hotdog, I like going to park and I like the sandwich, Yoghurts were fine, How they give us nice food; They gave you two juices; The football was the best thing and the fruit; the best thing about the food is that I like apples and fruit; sandwiches

Playing with friends - Going to parks with my chums; That I got to see my friends and make more friends; Playing with my best friend; Art and craft and making new friends going outside; That we can sit with our friends and that they activities are good; Other kids and staff were nice

Activities - playing football; bowling was the best; Hoodles play barn; going swimming; Adventure Aberdeen; Arts and crafts because you can do and use anything; the gym hall; Playing basketball; Dodgeball; Loved playing football and on the bikes; the bouncy castle

Quite a few were non-specific and said, "all of it"; "Everything"; "lots of fun"; I was happy with everything; "The food was good. I liked when we went outside to play"; "Going on the trips. Loved we got different kinds of sandwiches."; "I loved the trip to Arbroath, the food was very tasty"

Q5. What activities did you like THE MOST?

There was no overwhelming favourite activity, although most were related to being physically active. The wide range of activities chosen by the children and entered into the questionnaires included -

- Playing outside was a regular theme for many of the children

Football; The park; Farm at Aden park; Bowling; Hoodles; Rounders; Landmark; swimming; yoga; arts and crafts; cheesy pasta; dodge ball in the gym; golf; adventure Aberdeen; fun games; drawing; skipping; I liked doing Zumba; basketball; colouring in; Dodgeball/capture the flag/football: the obstacle course; hide and seek; Playing outside; Play on the bouncy castle; Playing on the bikes

- "They were all ace"
- "I loved it all because all staff are good"
- "Playing on the bikes was fun. They were all good"

Q7. Do you have any suggestions for next year at Food and Fun?

- Quite a few had no suggestions for changes, *"Nothing because it is so good"*

Food - Different food; Orange juice; Different sandwiches; Chipper; I'm a fussy eater; pizza/burger king/chips; Cheese puffs, haribo's, apple juice; different flavours of crisps; McDonalds; change yoghurt and fruit; Flavoured water; carton of juice

Activities - go outside more; play outside, play on climbing frame; Maybe let the kids choose where to go; more swimming; golf, swimming, adventure Aberdeen; basket ball; hockey; more arts and crafts; take our pets in (A dog); football; Gymnastics; To go on a trip; Exercising; Dolphin adventure; Baking/painting; Maybe designing a t-shirt

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	1 st December 2017
REPORT TITLE	Towards A Fairer Aberdeen That Prospers For All 2017-20 – Governance and Performance
REPORT NUMBER	CHI/17/286
DIRECTOR	Bernadette Marjoram (Interim)
REPORT AUTHOR	Elisabeth Manners

1. PURPOSE OF REPORT

- 1.1 To report to Committee as agreed on 20th September 2017 that a further report on the governance and performance management for tackling poverty and inequality linked to Aberdeen city's Local Outcome Improvement Plan (LOIP) be reported to Committee.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:
- a) Note the governance arrangements listed in Appendix 1 to 31st March 2018; and
 - b) Note that the present governance arrangements will be transferred over into the new governance arrangements once confirmed.

3. BACKGROUND

- 3.1 On 9th March 2017 the Finance Policy and Resources Committee approved the corporate approach to tackling poverty as detailed in the actions and priorities listed in *Towards a Fairer Aberdeen that Prospers for All 2017- 2020*. The Committee further approved the additional Health and Wellbeing priorities in a report on 20th September 2017.
- 3.2 In the approved report from the 20th September 2017, it was recommended that officers come back with the governance and performance management arrangements for the strategy. The appendices detail the governance structure with Appendix 1 detailing the arrangements until 31st March 2018 and Appendix 2 arrangements from 1st April 2018. Both appendices include the lead director and proposed manager for each priority, and where appropriate the governance arrangements for Community Planning Aberdeen (CPA) and then the governance within the Council. Due to the transformation that the Council is currently undergoing, committee names have not been included in Appendix 2 as they are not yet known.

- 3.3 Within the CPA structure, there are five officer led Outcome Improvement Groups (OIGs), which are responsible for delivering the outcomes and actions listed in the LOIP each with certain remits. These groups are:
- Aberdeen Prospers
 - Digital City
 - Integrated Children's Services
 - Resilient, Included and Supported
 - Sustainable City

- 3.4 Community Planning Aberdeen implemented their Outcome Management and Improvement Framework in February 2017, which the governance structure of CPA follows for performance management reporting which the OIGs report into.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 Financial

- 6.1.1 Failure of governance on this issue will result in identified outcomes not being achieved, and health and wellbeing inequalities will lead to increased demand on services and associated increased costs.

6.2 Employee

- 6.2.1 It will be important to have the right services and staff with the appropriate skills in place to deliver on the proposed actions.

6.3 Customer / Citizen

- 6.3.1 There is a risk that we fail to address the demands due to the welfare reform changes that are being implemented. Citizens and community organisations will have an important role in tackling poverty and addressing health inequalities and wellbeing through the increasing need to adopt asset based co-produced and co- designed services that build on community strengths.

6.4 Legal

- 6.4.1 The governance structure to deliver the priorities as outlined in the appendices will ensure that legal risks are mitigated.

6.5 Reputational

6.5.1 Failure to deliver *A Fairer Aberdeen that Prospers For All* is a reputational risk in relation to the commitments contained in the Local Outcome Improvement Plan. It will be important in the delivery of the LOIP that Community Planning Aberdeen demonstrates improvements in reducing poverty and the gap in health and wellbeing inequalities.

6.6 Other

6.6.1 Consideration has also been given to Environmental and Technological risks, and no risks were identified.

7. **IMPACT SECTION**

7.1 **Economy**

7.1.1 The actions contained in this report are aimed at tackling poverty for those primarily experiencing socio-economic disadvantage. Reduction in the health and inequalities gap has benefits for all citizens as it will not only reduce costs but provide improved wellbeing for all.

7.2 **Place**

7.2.1 Through locality planning, we are improving outcomes for our most disadvantaged communities, which will address poverty where it exists and improving health and wellbeing for citizens.

7.3 **Technology**

7.3.1 Access to new technology and digital solutions has a major contribution to make in terms of reducing consumer costs and improving access to services. It will be important as Council services are transformed that the needs of socio-economically disadvantaged people are considered and addressed inclusively as part of the design.

8. **BACKGROUND PAPERS**

[CHI/17/004 -- Towards a Fairer Aberdeen That Prospers for All 2017 - 2020](#)

[CHI/17/098 – Towards a Fairer Aberdeen That Prospers for All 2017 - 2020](#)

9. **APPENDICES (if applicable)**

Appendix 1: Current governance arrangements of Towards a Fairer Aberdeen that Prospers for All 2017-2020

10. **REPORT AUTHOR DETAILS**

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Towards A Fairer Aberdeen That Prospers For All 2017 – 2020

Proposed Aberdeen City Council Lead Officers for Priority Areas – current organisational structure

No.	Priority	Lead officer	Proposed Manager	Community Planning Aberdeen Governance	ACC Governance (until 31 st March 2018)
1	For Aberdeen to become Scotland's 1 st "Real" Living Wage City	Director of Communities, Housing and Infrastructure (CH&I)	Head of Economic Development	<ul style="list-style-type: none"> • Aberdeen Prospers Outcome Improvement Group • CPA Management Group • CPA Board 	Finance, Policy and Resources Committee
2	Ensuring that through Linking Opportunity and Needs our educational, skills and training provision is coordinated to meet the needs of people in the city to secure employment	Director of CH&I	Head of Economic Development	<ul style="list-style-type: none"> • Aberdeen Prospers Outcome Improvement Group • CPA Management Group • CPA Board 	Communities Housing and Infrastructure Committee
3	To be a leading Local Authority in Providing Apprenticeship opportunities for developing our young workforce	Director of CH&I	Head of Education and Inclusion	<ul style="list-style-type: none"> • Aberdeen Prospers Outcome Improvement Group • CPA Management Group • CPA Board 	Finance, Policy and Resources Committee
4	To ensure that those people most affected by welfare reform changes are provided with the advice and support services they need	Director of CH&I	Head of Communities and Housing	<ul style="list-style-type: none"> • Resilient, Included and Supported Outcome Improvement Group • CPA Management Group • CPA Board 	Communities Housing and Infrastructure Committee
5	To prioritise the development of	Director of	Head of	<ul style="list-style-type: none"> • Integrated Children's 	Education and Children's

No.	Priority	Lead officer	Proposed Manager	Community Planning Aberdeen Governance	ACC Governance (until 31st March 2018)
	new flexible childcare services where working families are on the lowest incomes and will benefit the most	Education and Children's Services (ECS)	Education and Inclusion	<ul style="list-style-type: none"> • Services Board • CPA Management Group • CPA Board 	Service Committee
6	To ensure that no child in the city is prevented from benefitting from their full educational entitlement due to the "Cost of the School Day"	Director of ECS	Head of Education and Inclusion	<ul style="list-style-type: none"> • Integrated Children's Services Board • CPA Management Group • CPA Board 	Education and Children's Service Committee
7	To close the educational attainment gap	Director of ECS	Head of Education and Inclusion	<ul style="list-style-type: none"> • Integrated Children's Services Board • CPA Management Group • CPA Board 	Education and Children's Service Committee
8	To increase awareness and understanding of the causes of fuel poverty and develop responses that reduces fuel poverty and the risk of fuel poverty	Director of CH&I	Head of Communities and Housing	<ul style="list-style-type: none"> • Sustainable City Outcome Improvement Group • CPA Management Group • CPA Board 	Communities, Housing and Infrastructure Committee
9	To increase awareness and understanding of the causes of food poverty/insecurity and develop responses that reduces food poverty and the risk of food insecurity	Director of CH&I	Head of Communities and Housing	<ul style="list-style-type: none"> • Sustainable City Outcome Improvement Group • CPA Management Group • CPA Board 	Communities, Housing and Infrastructure Committee
10	To increase the supply of social and affordable housing	Director of CH&I	Head of Communities and Housing	<ul style="list-style-type: none"> • Aberdeen Prospers Outcome Improvement Group • CPA Management Group • CPA Board 	Communities, Housing and Infrastructure Committee or Finance, Policy and Resources Committee

No.	Priority	Lead officer	Proposed Manager	Community Planning Aberdeen Governance	ACC Governance (until 31 st March 2018)
11	To reduce Health Inequalities where they exist in the city	Chief Executive	Head of Communities and Housing	<ul style="list-style-type: none"> • Resilient, Included and Supported Outcome Improvement Group • CPA Management Group • CPA Board 	Council or Finance, Policy and Resources Committee

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Towards A Fairer Aberdeen That Prospers For All 2017 – 2020

Proposed Aberdeen City Council Lead Officers for Priority Areas – proposed organisational structure from 1st April 2018.

No.	Priority	Proposed Lead officer	Proposed Manager (Title tbc)	Community Planning Aberdeen Governance	ACC Governance (from 1 st April 2018)
1	For Aberdeen to become Scotland's 1 st "Real" Living Wage City	Director of Resources	People and Organisation	<ul style="list-style-type: none"> Aberdeen Prospers Outcome Improvement Group CPA Management Group CPA Board 	TBC
2	Ensuring that through Linking Opportunity and Needs our educational, skills and training provision is coordinated to meet the needs of people in the city to secure employment	Director of Operations	City Growth	<ul style="list-style-type: none"> Aberdeen Prospers Outcome Improvement Group CPA Management Group CPA Board 	TBC
3	To be a leading Local Authority in Providing Apprenticeship opportunities for developing our young workforce	Director of Operations	Integrated Children's Services	<ul style="list-style-type: none"> Aberdeen Prospers Outcome Improvement Group CPA Management Group CPA Board 	TBC
4	To ensure that those people most affected by welfare reform changes are provided with the advice and support services they need	Director of Customer	Early Intervention and Community Empowerment	<ul style="list-style-type: none"> Resilient, Included and Supported Outcome Improvement Group CPA Management 	TBC

No.	Priority	Proposed Lead officer	Proposed Manager (Title tbc)	Community Planning Aberdeen Governance	ACC Governance (from 1 st April 2018)
				<ul style="list-style-type: none"> Group • CPA Board 	
5	To prioritise the development of new flexible childcare services where working families are on the lowest incomes and will benefit the most	Director of Operations	Integrated Services for Children	<ul style="list-style-type: none"> • Integrated Children's Services Board • CPA Management Group • CPA Board 	TBC
6	To ensure that no child in the city is prevented from benefitting from their full educational entitlement due to the "Cost of the School Day"	Director of Operations	Integrated Services for Children	<ul style="list-style-type: none"> • Integrated Children's Services Board • CPA Management Group • CPA Board 	TBC
7	To close the educational attainment gap	Director of Operations	Integrated Services for Children	<ul style="list-style-type: none"> • Integrated Children's Services Board • CPA Management Group • CPA Board 	TBC
8	To increase awareness and understanding of the causes of fuel poverty and develop responses that reduces fuel poverty and the risk of fuel poverty	Director of Customer	Early Intervention and Community Empowerment	<ul style="list-style-type: none"> • Sustainable City Outcome Improvement Group • CPA Management Group • CPA Board 	TBC
9	To increase awareness and understanding of the causes of food poverty/insecurity and develop responses that reduces food poverty and the risk of food insecurity	Director of Customer	Early Intervention and Community Empowerment	<ul style="list-style-type: none"> • Sustainable City Outcome Improvement Group • CPA Management Group • CPA Board 	TBC
10	To increase the supply of social and affordable	Director of	Place Planning	<ul style="list-style-type: none"> • Aberdeen Prospers 	TBC

No.	Priority	Proposed Lead officer	Proposed Manager (Title tbc)	Community Planning Aberdeen Governance	ACC Governance (from 1 st April 2018)
	housing	Resources		Outcome Improvement Group <ul style="list-style-type: none"> • CPA Management Group • CPA Board 	
11	To reduce Health Inequalities where they exist in the city	Chief Executive	Early Intervention and Community Empowerment	<ul style="list-style-type: none"> • Resilient, Included and Supported Outcome Improvement Group • CPA Management Group • CPA Board 	TBC

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Projects, Partnerships & Funding Update
REPORT NUMBER	CHI/17/259
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Laura Paterson Yasa Ratnayeke

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to provide an update of Projects, Partnerships and Funding Activity.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:
- a) Note that the Projects, Partnerships & Funding Team has secured approximately £16.5m of external funding to support £29.7m of project activity in Aberdeen in 2016-17;
 - b) Approve the submission of the SMART-HY-AWARE project application;
 - c) Approve the development of the FUEL CELL CARGO PEDELECS (FCCP) project application;
 - d) Approve the signing of a Clean Bus Declaration, issued by the European Commission, which has no financial implications or commitments;
 - e) Nominate an Elected Member to the role of Vice-Chair of the East of Scotland European Consortium (ESEC);
 - f) Approve international travel of an Elected Member and Officer to attend a business familiarisation visit to Brussels in March 2018, organised and part-funded by ESEC and Scotland Europa;

3. BACKGROUND

3.1 CURRENT PROJECT ACTIVITY

The Projects, Partnerships & Funding Team have generated approximately £16.5m of external funding to support £29.7m of project delivery in Aberdeen City in the calendar years of 2016 and 2017. This equates to £1.25 of external funding to every £1 spent by Aberdeen City Council on project delivery. This is an approximation rather than exact amount as some of the funding sources are European, hence subject to change based on exchange rates. Sources of

funding include national and international funding programmes, such as OLEV and Interreg. The projects which are being delivered include capital works which support Council programmes, such as Powering Aberdeen, and projects which enable local communities, such as supporting employability and the redevelopment of Aberdeen Science Centre. Full details of projects from 2016-17 is included in Appendix 1.

3.2 FUTURE PROJECT ACTIVITY

3.2.1 SMART-HY-AWARE

SMART-HY-AWARE is a transnational cooperation project seeking funding from the Interreg Europe Programme. The project aims to promote hydrogen-electric mobility by tackling infrastructure and market uptake challenges surrounding this technology. “To maximise the potential of hydrogen” is a key objective of the Regional Economic Strategy and participating in the project ensures that Aberdeen is at the forefront of hydrogen technology in the UK which contributes to the city’s reputation as an innovation leader. This report seeks approval to apply for this project and update Elected Members on the outcome of the funding decision which is expected in December 2017.

3.2.2 FUEL CELL CARGO PEDELECS (FCCP)

The FCCP project is a transnational project seeking funding from the Interreg North West Europe Programme. It is led by the German Aerospace Centre and involves cooperation with eight European partners. The project addresses transport and emission issues caused by the final stages of goods delivery. Increased internet shopping has led to more individual goods journeys within populated areas, often by larger vehicles. This project will develop solutions to transporting goods for the final transit miles by looking at the logistic delivery chains and alternative modes of carbon-friendly transport, specifically the development of fuel cell powered bikes. This project has the potential to benefit citizens of Aberdeen through the reduction in air pollution. This project is in the very early stages of delivery and estimated costs are still to be determined but 60% of total costs would be recoverable through the Interreg NEW Programme. This report recommends that the project application continue to be developed with a report back to committee detailing costings and application progress.

3.3 CLEAN BUS DECLARATION

Aberdeen City has demonstrated commitment to green transport through the development of a hydrogen bus fleet in the city – the largest in Europe. The European Commission’s Directorate-General for Mobility and Transport (DG MOVE) has issued a Clean Bus Declaration to be signed by cities and regions which are committed to transitioning to low-emission modes of transport. This is a Mayor’s Covenant and is required to be signed by the Lord Provost. The Declaration is an acknowledgment that the city is committed to exploring the development of low emission vehicles and has no financial or legal implications. A copy of the declaration is included in the appendix.

3.4 NOMINATION OF ELECTED MEMBER TO VICE-CHAIR OF THE EAST OF SCOTLAND EUROPEAN CONSORTIUM (ESEC)

Aberdeen City Council is a member of the East of Scotland European Consortium (ESEC). ESEC is a partnership of seven local authorities which

collaborates on EU policy developments, lobbying and funding opportunities. Following local elections in May, an Elected Member was nominated to be Aberdeen City's representative on the Policy Board. At the first Policy Board Meeting in August, nominations were sought for Depute Chairs to the Board and a motion was placed for Aberdeen City's representative to be Vice Chair. Responsibilities as Vice Chair include chairing meetings and representing ESEC at external events in the absence of the Chair. The full Constitution, including role of Office Bearers, is attached in Appendix 3. This appointment to Vice Chair ensures the city's interests are strongly represented on the Policy Board and raises the profile of the city at national and international events where there is an ESEC presence. Being a member of ESEC gives ACC access to Scotland Europa services, including access to offices in Brussels. The Brussels office is very well connected and opens the door for Officers and/or Members to meet EU officials where there is an issue which requires input.

4. FINANCIAL IMPLICATIONS

- 4.1 It is anticipated that SMART-HY-AWARE will cost €255,100 with €216,835 (85%) of project activity recoverable from the Interreg Europe programme. The remaining €38,265 will be met through existing staff time spent on the project over a three year period from the Projects, Partnerships & Funding Team.
- 4.2 ESEC are organising a business familiarisation visit to Brussels in March 2018 in conjunction with Scotland Europa. This visit happens once every five years, following the appointment of new Policy Board Members after Local Elections. The aim of the meeting is to familiarise new Policy Board Members with influential organisations in Brussels and this visit will include meetings with various leading European bodies and businesses. Meetings will also be arranged with consulates who are not members of the EU, but who still participate in European Programmes, to learn from the effective transnational policies and partnerships which they have created so that group members are better placed to cultivate internal partnerships and ensure strong deals for the region in a post-Brexit landscape. ESEC will pay for accommodation and meals whilst in Brussels, at an estimated cost of £1,500. Transport to Brussels is estimated at a total of £400 for Elected Member and Officer if booked in advance.

5. LEGAL IMPLICATIONS

- 5.1 All contracts and appointments are and will continue to be subject to review and approval of Head of Commercial and Procurement Service and Head of Legal & Democratic Services respectively.

6. MANAGEMENT OF RISK

6.1 Financial

- 6.1.1 Existing projects detailed financial risks when presented to Committee. There are minimal risks from the SMART-HY-AWARE project as spend is

predominantly related to revenue through staff costs. All spend is subject to existing Aberdeen City Council Procurement procedures. The External Funding Team are experienced with the administration of grant programmes, ensuring programme compliance to enable delivery of funds to the Council from programmes.

Risk – Low

6.2 Employee

6.2.1 New project work will complement existing workloads. Members and Officers will be fully briefed on travel protocol to ensure safety.

Risk – Low

6.3 Customer/Citizens

6.3.1 Projects have engagement and communication policies in place to ensure that the public are fully consulted and aware of projects.

Risk – Low

6.4 Environmental

6.4.1 A number of projects directly enhance environmental practices, including the development of hydrogen technology and blue-green infrastructure. Projects have environmental policies in place.

Risk - Low

6.5 Technological

6.5.1 A number of projects continue to enhance the development of Smart Technology in Aberdeen, such as through the Scotland's 8th City Programme. Projects have individually assessed such risks and put mitigations in place where appropriate.

Risk – Low

6.6 Legal

6.6.1 All contracts and agreements are subject to review by Legal & Democratic Services before signing.

Risk – Low

6.7 Reputational

6.7.1 Participating in internal programmes and active involvement with consortiums demonstrates Aberdeen City Council's commitment to innovative services in the city.

Risk – Low

7. IMPACT SECTION

7.1 Economy

- 7.1.1 Participating in external funding programmes enables significant project delivery in Aberdeen City and reduces spend from Council budget. Projects support the strategic aims and programmes of Aberdeen City Council, including Powering Aberdeen and the Hydrogen Strategy.

7.2 People

- 7.2.1 Projects support a number of strategic themes which empower local communities, developing skills of a future workforce through the ESF Employability Pipeline and Erasmus+ Modern Languages 1+2 Programme.

7.3 Place

- 7.3.1 A number of projects are committed to enhancing environmental issues in the city, such as developing blue-green infrastructure and district heat networks.

7.4 Technology

- 7.4.1 Projects have a positive impact on the enablement of innovative technology developing initiatives in the city such as smart street lighting and flood alerts.

8. BACKGROUND PAPERS

None

9. APPENDICES

1. External Funding Activity 2016-17
2. Clean Bus Declaration
3. Constitution: East of Scotland European Consortium (ESEC)

10. REPORT AUTHOR DETAILS

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ACC - Projects Approved 2016-17

Project name	Project duration	Summary	Funding programme	Grant €	Grant £	Match-funding by ACC €	Match-funding by ACC £	Co-financing rate	Council approval date
FCH Train (Training of technicians of FCH vehicles)	01/10/2016 - 30/09/2018	Contribute to the improvement and extension of the existing education offer for auto mechanics.	Erasmus+	44,030 €		8,806 €		80%	25th August 2016
ESF Employability Pipeline	01/01/2016 - 31/12/2018	Support services delivering to individuals in partnership. Given that most jobless people will have a number of personal and employability training needs, they will likely therefore engage with several organisations.	European Structural Funds		£1,100,000.00		£1,625,000.00	40%	25th August 2016
Hydrogen cars	02/2017 - 02/2020	Funding been requested to increase the number of operational FCEVs	Office of low emission vehicles (OLEV)		£310,221.00		£8,822.00	N/A	25th August 2016
CIVITAS PORTIS	05/09/2016 - 09/2020	Test sustainable urban mobility solutions.	H2020	2,768,275.00 €		0 €		100%	15 March 2016
HeatNet (Expansion of District heat network)	09/2016 - 07/2020	To facilitate the implementation of low-carbon, energy and climate protection strategies to reduce GHG emissions in North-West Europe	Interreg North-West Europe	608,485.80 €		405,657.20 €		60%	1st Dec 2016
ACE-Retrofitting (Accelerating Condominium Energy Retrofitting)	15/09/2016 - 14/03/2020	Protection strategies to reduce GHG emissions in NWE	Interreg North-West Europe	242,632.80 €		161,755.40 €		60%	20th Sept 2016

BEGIN (Blue Green Infrastructure through Social Innovation)	01/12/2015 - 30/11/2019	Demonstrate and mainstream improved blue green infrastructure based climate change adaptation solutions.	Interreg North Sea Region	300,000 €		300,000 €		50%	27 August 2015
HyTrEc 2 (Hydrogen Transport Economy in the North Sea Region 2)	21/03/2016 - 19/03/2021	Test of fuel cell, range extenders and dual fuel vehicles. Explore production, storage and distribution of hydrogen.	Interreg North Sea Region	789,831 €		789,831 €		50%	03/12/2015
Hytime - Garbage Trucks	10/04/2017 - 01/03/2019	x2 Garbage Trucks which are FC, operated by ACC Fleet	Innovate UK		£89,000.00			100%	(no need as no Council funds)
JIVE	01/01/2017 - 01/12/2023	Further 10 buses from JIVE. JIVE 2 is an additional 20 buses	FCH JU		£3,000,000.00		£2,500,000.00		FPR Dec 1st 2016
ERDF Scotland's 8th City-the Smart City, Open Data	01/03/2016 - 31/12/2018	Create data publication platforms and data analytics to allow city to make evidence based decisions	ERDF		£101,000.00		£114,000.00	40%	FPR Sep 20th 2016
ERDF Scotland's 8th City-the Smart City, Smart Infrastructure	27/06/2016 - 31/12/2018	Extend deployment of LED technology and installation of sensors and deployment of smart networks to support Intelligent Street Lighting	ERDF		£499,351.51		£750,000.00	40%	FPR Sep 20th 2016
ERDF Scotland's 8th City-the Smart City, Warm Connected Homes	2016 - 2018	Installation of sensors and temperature monitoring equipment to collate and analyse data	ERDF		£302,040.00		£453,060.00	40%	FPR Sep 20th 2016
ERDF Scotland's 8th City-the Smart City, Mobility	07/2015 - 12/2018	Expansion and maximising the use of car club vehicles.	ERDF		£130,000.00		£195,000.00	40%	CH&I Committee March 2016
Middlefield Greenspace Regeneration	01/04/2017 - 31/12/2018	Application for Middlefield Park-environment works, flood alleviation, public health	ERDF (Scottish Natural Heritage)		£426,813.00		£640,219.00	40%	FPR 9th March 2017

Tillydrone Community Hub	01/04/2017 - 30/06/2018	The development will replace the existing shopping centre on Hayton Road. New hub will include a library, creche, IT area, café etc	Regeneration Capital Fund Scottish Gov		£1,900,000.00		£4,100,000.00		27th August 2015
Union Street Conservation Area Regeneration Scheme	01/04/2017 - 31/03/2022	Priority projects within Union Street Area	Historic Environment Scotland		£1,177,104.00		£1,200,000.00	50%	17 August 2016
SCORE (Smart Cities through Open Data Reuse)	01/2017 - 12/2020	Increase efficiency and quality of public service delivery in urban sustainability.	Interreg North Sea Region	100,000 €		100,000 €		50%	01 August 2016
Developing Modern Language Opportunities for Aberdeen City Teachers	02/07/2017 - 31/07/2018	Development training for Modern Languages teachers from across city	Erasmus +		£91,980.00		N/A	100%	29th June 2017
Science Centre	06/2017 - 06/2020	Redevelopment of the existing premisses	Scottish Gov		£2,999,700.00		£1,000,000.00		23rd August 2017

TOTAL
Currency Conversion (1EURO to 0.91 GBP)

	4,853,255 €	£12,127,209.51	1,766,050 €	£12,586,101.00
		£ 4,416,461.69		£1,607,105.14

Total Contribution by ACC	£ 14,193,206.14
Total External Grants	£ 16,543,671.20
Total Project Activity Delivered in City	£ 30,736,877.33

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**Declaration of intent on promoting
large-scale deployment of clean, alternatively fuelled buses in Europe**

1. The transition to low-emission mobility is without alternative.
2. We, representatives of transport authorities, cities and regions, are committed to making it happen. Clean, alternatively fuelled (electric, hydrogen or natural - in particular bio-methane - gas) buses offer strong prospects for increasing quality of lives of our citizens. They improve air quality and reduce noise levels. They also support the needed decarbonisation of transport.
3. We, bus manufacturers, mobility and infrastructure providers, support cities and regions' ambitions in their attempt to promote low and zero-emission mobility. The number of clean, alternatively fuelled bus models is constantly growing, while average prices are falling. Many cities are already testing or using these vehicles and their related infrastructure.
4. Now it is time to accelerate deployment. This requires a real collaborative action:
 - a. Transport authorities and operators need to commit to purchasing volumes of clean, alternatively fuelled buses systems - large enough to matter;
 - b. Transport authorities, transport operators, energy providers & grid operators need to clearly commit to establish corresponding efforts to plan and build a suitable infrastructure;
 - c. Bus manufacturers need to continue extending the range of available vehicles, improve their reliability and bringing prices further down;
 - d. Bus manufacturers and standardisation organisations need to continue working on common standards in view of their widespread use, especially for the electric recharging infrastructure, based on the current mandate to the relevant European Standardisation Organisations (M/533). Interoperability is needed to develop the market.
5. The current share of alternatively fuelled buses in the European bus fleet is roughly 10 - 12 percent (approximately 20.000 out of a total of 200.000 public transport buses (according to UITP figures)). Increasing this share to 30 percent in 2025 yields considerable public and private investment opportunities. We are committed to make it happen. Particular action is needed to foster growth of zero-emission buses. Action under this initiative should contribute to deploying at least 2.000 zero-emission buses by the end of 2019 in the EU, with growing rates thereafter. This alone represents an investment opportunity of over 1 billion Euros.
6. Such a collaborative action needs to be organised. This is why we participate in a European Deployment Platform for clean, alternatively fuelled buses. It will support:
 - a. Information exchange to better match demand and supply;
 - b. Mapping of technology developments, common requirements for buses, infrastructure and key performance criteria;
 - c. Better organise actors and align procurements, where appropriate;
 - d. Leverage investments and promote joint actions, where possible and

- e. Issue recommendations on specific policy topics, including open, fair and equal access to data for SMEs and start-ups.
7. Public procurement is a main lever. To orientate effective procurement, we endorse the set of common public procurement principles attached to this declaration.
8. Such a shift needs to be flanked by clear long-term policy orientation. A substantial revision of the Clean Vehicles Directive is required to encourage public procurement of clean vehicles in Europe. Furthermore, energy taxation schemes could create the right incentives for procurement, including, where needed, policy changes to reach a more equal tax treatment of clean alternatively fuelled buses.
9. We take note of the financial opportunities offered by the Cleaner Transport Facility at European level and encourage financial institutions to support the aims of this initiative through innovative finance mechanisms.
10. Monitoring noise and air pollution will help to demonstrate the benefits of the deployment of this technology. We aim to improve the quality of life in cities.

Date

Signatures

ANNEX

Common principles for public procurement of clean, alternatively fuelled bus systems (i.e. buses and their related infrastructure)

1. **Provide clear long-term orientation through appropriate planning:**
 - a. Base clean bus deployment on a long-term sustainable urban mobility plan, which has been set up in dialogue with all relevant public and private actors.
 - b. Set clear and tangible targets, including for decarbonisation and air quality (where targets per km/passenger can be appropriate).
2. **Fully plan the decision and implementation process:**
 - a. Decide early at system level on the type of approach and its requirements, and map all relevant actors that need to be involved in the process, including local authorities, transport operators, energy providers and grid operators.
 - b. Ensure strong political support and plan sufficient upfront planning time.
3. **Early engage in a dialogue with manufacturers:**
 - a. Consult with manufacturers early on, respecting procurement rules.
 - b. A competitive dialogue can make sense in certain occasions, but is not always useful in view of the complexity of its organisation.
4. **Define a clear strategy for risk mitigation and benefit sharing:**
 - a. Identify technological and operational risks and involve relevant actors (local authorities, operators, energy providers) in a risk mitigation strategy.
 - b. Agree on the allocation of costs and benefits that fall upon different actors. Ensure that those who have to bear costs (e.g. transport operators) are enabled through extra support or are compensated through adequate benefit-sharing.
 - c. Establish a reasonable timeline for return on investment (> 8 years).
5. **Procure full system solutions:**
 - Remain technology neutral to the extent possible – do not lock yourself into one technology too quickly.
 - Build on a systemic approach, including vehicles and related infrastructure, by specifying functions and services at the system level of the transport operation. Do not only focus on vehicles details.
 - Define the functionalities and the operative scenario: do not consider only upfront purchase cost, but lifetime cycle cost of operation, include environmental and health impacts, and consider lessons learned from testing in your own environment.
6. **Where possible, align procurement:**
 - Where possible, align procurement along common principles and criteria.

The common principles build on discussions with relevant public and private actors and related work carried out under different EU-funded projects such as ZeEUS, CHIC, JIVE or CleanFleets.

You can send any requests for additional information to: MOVE-CLEAN-BUSES@ec.europa.eu

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EAST OF SCOTLAND EUROPEAN CONSORTIUM

CONSTITUTION

The East of Scotland European Consortium (ESEC) was established in 1992 to represent the European interests of local authorities in Eastern Scotland. Our membership collaborates on a shared European agenda and to promote economic development in the region.

1. MEMBERSHIP

1.1 Membership of the consortium shall be open to the following organisations based in the East of Scotland:

- a) Local authorities (as full members)
- b) Further/higher education institutes (associate members)
- c) Local enterprise companies (associate members)
- d) Local economic development companies (associate members)
- e) Health boards (associate members)
- f) Other agencies, including the voluntary sector, involved in socio-economic development.

2. OBJECTIVES OF THE CONSORTIUM

2.1 The objectives of the consortium, as reviewed annually by the Policy Board, shall be:

- Establish knowledge and information on funding;
- Lobby and petition on behalf of the East of Scotland to influence policy change;
- Ensure policy engagement;
- Effectively communicate the work of ESEC and the role of the European Union.

2.2 These priorities fit with the overall ESEC strategy which seeks to:

- Promote and represent the common interests of local government in the area recognised by the European Union and Scottish Government as Eastern and North Eastern Scotland and;
- Investigate and pursue all opportunities which will advance the development of ESEC's objectives and that of its members, which includes taking forward the concept of associate membership by inviting academic institutions to join the consortium, and possibly other sectors;
- Consolidate the position of Eastern and North Eastern Scotland local authorities as major partners within the European Union policy and implementation process;
- ESEC's 2016 framework should also reflect the Scottish Government's economic strategy of investment, innovation, inclusive growth and internationalisation, and

East of Scotland European Consortium Secretariat
County Buildings, Market Street, Forfar, DD8 3WD
www.esec.org.uk

the Europe 2020 strategy of smart, sustainable and inclusive growth.

3. LEGAL STATUS OF THE CONSORTIUM

- 3.1 The East of Scotland European Consortium is a Non-Statutory Joint Committee with political representation.

4. STRUCTURE

- 4.1 The key decision making Committee is the Policy Board.
- 4.2 Associate members can attend the policy board as observers however if a vote takes place they would have no voting rights.
- 4.3 The Policy Board will be supported by the Officer Group.
- 4.4 The Secretariat will provide support to the Policy Board and to the Officer Group.
- 4.5 Subject specific and time limited sub-groups may be established as and when deemed appropriate, according to the needs of the Policy Board or the Officer Group.

5. REPRESENTATION

5.1 Policy Board

- 5.1.1 Representation at the Policy Board will be restricted to full. Each Local Authority will nominate one elected member. Each Member Authority is also entitled to send one Officer to the Policy Board. Staff from the Secretariat will also attend in a supporting capacity.

5.2 Office Bearers

- 5.2.1 There will be 3 main Office Bearers of the Consortium. A Chair and two Vice Chairs will be appointed.
- 5.2.2 The role of the Chair is to chair the Policy Board meetings and represent the Consortium in matters of correspondence and at relevant meetings and events.
- 5.2.3 The role of either Vice Chair is to represent the Chair when that person is unavailable.
- 5.2.4 Notwithstanding the above, consideration must be given to ensure a balanced representation of member authorities where opportunities permit.
- 5.2.5 Office Bearers will normally hold their positions for two years, but are permitted to stand for re-election at the end of that period. The election date will be established at the preceding Annual General Meeting.
- 5.2.6 Should any of the Office Bearers demit their post during their normal period of office an Extraordinary General Meeting will be held to elect a successor.
- 5.2.7 Financial responsibilities are delivered by the host authority and any documents signed off by the policy board.

5.3 Voting Rights

- 5.3.1 Elected Members, or their substitute, will have the right to vote at Policy Board meetings.
- 5.3.2 Officers and associate members will not have the right to vote at Policy Board unless no

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elected member from their Authority is present, subject to the standing orders of their respective councils/organisations and they have prior and specific consent to do so

5.4 Officer Group

5.4.1 The Officer Group will consist of Officer Representatives from Member Authorities and associate members. The Officer Group will normally be chaired by the ESEC Secretariat, or if unavailable by the Officer representing the Authority hosting the Secretariat.

5.5 The Secretariat

5.5.1 The purpose of the Secretariat is to provide such support as necessary to the Policy Board, Officer Group and Sub-Groups.

5.5.2 Staff of the Secretariat will be employed by ESEC, but will normally be subject to general terms and conditions of employment of the host Authority.

5.5.3 The hosting of the Secretariat will normally rotate amongst Member Authorities for a two-year term and will normally be located at the authority which is represented by the Chair. Where this is not possible, nominee authorities will be considered and final selection will be made by the Policy Board.

5.5.4 Due to the nature of the role, the ESEC Policy Officer post will be politically restricted.

6. MEETINGS

6.1 Annual General Meeting

6.1.1 An AGM will be held in the autumn of each year.

6.1.2 The purpose of the meeting will be to approve the annual accounts, and, when appropriate, to elect Office Bearers. Changes to the constitution are also to be considered at the AGM. A quorum for the AGM shall consist of at least 5 members.

6.1.3 Papers relevant to the meeting will normally be distributed at least one week prior to the meeting.

6.2 Extraordinary General Meeting

6.2.1 An EGM may be called from time to time as necessary, to consider emergency issues which normally fall within the remit of the AGM. A quorum for an EGM shall consist of at least 5 members

6.3 Policy Board

6.3.1 The Policy Board will normally meet at least 4 times per annum, with 1 meeting in each quarter. The Autumn meeting will be preceded by the AGM.

6.3.2 The purpose of the Policy Board is to consider papers prepared by the Officer Group and/or member councils and other relevant business as agreed by the Chair. A quorum for the Policy Board shall consist of at least 5 members.

6.3.3 Papers relevant to the meeting will normally be distributed at least one week prior to the meeting.

6.3.4 The papers may be tabled at the meeting at the discretion of the Chair

6.3.5 From time to time decisions will need to be made outwith the cycle of the Policy Board.

These will be made through written procedures.

6.4 Officer Group

6.4.1 The Officer Group will normally meet not less than 4 weeks before the Policy Board.

6.4.2 The purpose of the meeting is to consider emerging policy issues and to determine recommendations for the Policy Board.

6.4.3 Papers relevant to the meeting will normally be distributed at least one week prior to the meeting.

6.4.4 The papers may be tabled at the meeting at the discretion of the Chair.

6.5 Sub Groups

6.5.1 Sub Groups will be task orientated and held on an ad-hoc basis.

6.6 Meeting Venues

6.6.1 Both Policy Board and the Officer Group meetings should normally take place in rotation around the Member Authorities or where is most suitable for members.

7. CESSATION OF MEMBERSHIP

7.1 Authorities wishing to withdraw from membership of the Consortium, are required to give not less than one financial year's written notice of their intention to do so.

8. DISSOLUTION OF THE CONSORTIUM

8.1 Should the Policy Board be of the view that dissolution of the Consortium is necessary or advisable, an Extra-ordinary General Meeting must be called giving at least 28 days clear notice.

8.2 Any assets remaining after the satisfaction of proper debts and liabilities will be redistributed on a pro rata basis to member authorities.

8.3 Any debts or liabilities outstanding at dissolution will be shared by member authorities on a pro rata basis.

8.4 Any debts or liabilities incurred as a result of probable maladministration or misappropriation will be investigated by a specially formed working group who will determine cause and final responsibility.

9. CERTIFICATION

9.1 The following office bearers certify as true the adoption of the above constitution.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	1 December 2017
REPORT TITLE	Commercial Waste Containers Revised Policy
REPORT NUMBER	CHI/17/265
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Mike Cheyne

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to update the policy regarding the ongoing practice of commercial waste containers being left on the public road and to define a restriction in collection times to control the indiscriminate obstruction of streets and pavements.

2. RECOMMENDATION(S)

- 2.1 That the committee:

(a) Endorses the attached policy and approves the proposed course of action to actively reduce the problems associated with commercial waste containers.

3. BACKGROUND/MAIN ISSUES

- 3.1 At its meeting of the 29th August 2013 the Enterprise Strategic Planning and Enterprise Committee approved a policy for the management of commercial waste bins across the city and instructed officers to proceed with enforcement of the Policy

- 3.2 The approved policy is as follows:

- All commercial premises are to be informed of their responsibilities under the terms of the Environmental Protection Act 1990 as to the requirement that it is their responsibility to ensure that they have proper storage, within the bounds of their property, for the storage of refuse.

- In the event that a bin is left out in the street after 1100 hrs on any day of the week the business in question will be requested to remove the bin within 24 hrs. Any further transgressions will result in the business being served notice under the terms of Section 87 of the Roads (Scotland) Act 1984 to remove bin within 24 hours. To avoid further abuse the notice will apply for a period of 6 months from day of issue.
 - Those businesses who do not comply with the notice will have their bin removed by the Council and a charge given to the businesses for the removal, storage and their return. This charge will be £500 for removal and storage.
 - In the event that waste materials are left outwith a storage bin a £50 Fixed Penalty Notice will be applied under the terms of the Environmental Protection Act 1990 (Section 34)
- 3.3 Following adoption of the policy, letters were sent to commercial premises within the city centre who were noted to be causing an offence, advising them of their obligations with respect to storage and management of their waste bins and that action would follow should they continue with the current practices.
- 3.4 Officers visited individual premises on a number of occasions to provide advice and instruction with regard to the need to comply with the environmental and roads regulations
- 3.5 Due to resource implications and issues relating to the coordination of the various services required to rigorously enforce the policy further action to date has been restricted.
- 3.6 Recent review of the city centre has indicated a significant increase in the depositing of commercial bins on the footways, in part caused by changes to waste legislation that requires businesses to make provision for recycling and food waste collections. It is therefore felt that the current low profile approach has not produced the necessary results and that actions using the full extent of the legislative powers available should be implemented to resolve the current problems.
- 3.7 It is considered that the use of the Statutory powers given to this Council as the Roads Authority under the Roads (Scotland) Act 1984 would be the most effective instrument to use to take forward a robust enforcement regime.
- 3.8 The revised policy introduces a time window (1230-1430) during which there will be a total prohibition on collections and therefore no waste containers are allowed to be left on the street during this period. Defining the period will facilitate enforcement of the policy.
- 3.9 In practice, it is anticipated that the removal of the container would be the last act in a series of engagements with businesses where early discussion and support is undertaken to seek alternatives to leaving containers on the street.

Once a notice is served, the Waste and Recycling Service will be requested to empty the container and remove it to a storage area.

3.10 Commercial Waste Containers Revised Policy

- 3.10.1 All commercial premises are to be informed of their responsibilities under the terms of the Environmental Protection Act 1990 as to the requirement that it is their responsibility to ensure that they have proper storage, within the bounds of their property, for the storage of refuse.
- 3.10.2 Between 12.30 hrs and 14.30hrs on any day, there will be a total prohibition on collections and subsequently no waste containers will be allowed to be left on the street during this period.
- 3.10.3 Any business failing to comply with this prohibition will be requested to remove the offending container.
- 3.10.4 Any further transgressions will result in the business being served notice under the terms of Section 87 of the Roads (Scotland) Act 1984 to remove bin within 24 hours. To avoid further abuse the notice will apply for a period of 6 months from day of issue.
- 3.10.5 Those businesses who do not comply with the notice will have their bin removed by the Council and a charge given to the businesses for the removal, storage and their return. This charge will be £500 for removal and storage.
- 3.10.6 Any waste container not collected within 5 working days will be subject to a further disposal charge of £150
- 3.10.7 In the event that waste materials being left outwith a storage bin a £50 Fixed Penalty Notice will be applied under the terms of the Environmental Protection Act 1990 (Section 34).
- 3.11 Should the revised policy be approved, officers will work in partnership with Aberdeen Inspired, The City Centre Partnership and Aberdeen Chamber of Commerce to engage with businesses and inform them of the new policy, its requirements on the businesses and the enforcement implications should they not be met.
- 3.12 The requirements of the revised policy will be conveyed to businesses through the issue of a letter and a media campaign to be promoted through our media team and in conjunction with our other partners.

4. FINANCIAL IMPLICATIONS

- 4.1 The existing charges for removal, return and storage of commercial waste bins should be sufficient to cover the costs of Waste Services undertaking the removal and storage.

5. LEGAL IMPLICATIONS

- 5.1 The Council is exempt from requiring to be registered as registered carriers of controlled waste under regulation 2 of the Controlled Waste (Registration of Carriers and Seizure of Vehicles) Regulations 1991. This has been confirmed with SEPA.

6. MANAGEMENT OF RISK

- 6.1 The report author must identify the risks with the potential to impact the decision being sought from the Committee. Risks should be categorised as:
- 6.2 **Financial:** There is no financial risk to the Council provided the fixed penalty notices are payed
- 6.2.1 Employees will need to work alongside the businesses to ensure an understanding of the situation.
- 6.3 **Customer / citizen** There will clearly be a number of businesses who claim that they cannot meet the requirements of the legislation because they have been advised by Council officers or the Fire Service that they require to remove bins from their property (usually in the case of Environmental Health), or they have nowhere internally to store the size of bin they have (it is supplied under a nationwide contract that specifies the size of the bin) or it was always intended that the bin would be outside when given planning permission.
- 6.3.1 A meeting between the Waste Collectors and the Council has already taken place; further meetings will be arranged if this policy has been approved.
- 6.3.2 Additionally, internal alterations to the premises may be required to accommodate bins and this may attract the need for building warrant approval. It is not considered to be a suitable project for a pilot scheme. This problem is citywide, but most apparent to anyone travelling round the city centre.
- 6.4 **Environmental:** This change in Policy should assist in improving the environment.
- 6.5 **Technological:** None
- 6.6 **Legal:** There may be a legal challenge from businesses with no room to store their containers within the boundaries of their property as they will be unable to comply with the policy.

6.7 **Reputational:** Reputational will be both positive and negative, positive from the citizens, negative from the affected businesses

7. IMPACT SECTION

7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

7.2 Economy

7.2.1 The Council aims to support improvement in the local economy to ensure a high quality of life for all people in Aberdeen. The implementation of the Policy may have an influence on how business has to be carried out.

7.3 People

7.3.1 The Council is committed to improving the key life outcomes of all people in Aberdeen and so has agreed a set of Equality Outcomes (2017-21) http://www.aberdeencity.gov.uk/council_government/equality_and_diversity/eqd_report_2017_21.asp

The removal of Commercial Waste Containers from the street will enhance the environment for both citizens and tourist; provide clearer walking areas for those in wheelchairs and assist the partially sighted as they move around the area

7.4 Place

7.4.1 The removal of Commercial Waste Containers from the street will enhance the build environment and improve the street scene

7.5 Technology

7.5.1 The operation of enforcement will use existing technologies

8. BACKGROUND PAPERS

<http://councilcommittees/documents/g1652/Public%20reports%20pack%2009th-Jun-2009%2014.00%20Policy%20and%20Strategy%20Committee.pdf?T=10>

<http://councilcommittees/documents/g2896/Public%20reports%20pack%2009th-Aug->

9. APPENDICES (if applicable)

9.1 Any appendices attached to the covering report should be numbered and listed here.

10. REPORT AUTHOR DETAILS

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HEAD OF SERVICE DETAILS

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COMMITTEE	Finance, Policy & Resources
DATE	1 st December 2017
REPORT TITLE	Participation in Gigabit Voucher Scheme
REPORT NUMBER	CG/17/145
DIRECTOR	Steve Whyte
REPORT AUTHOR	Gordon Wright

1. PURPOSE OF REPORT:-

- 1.1 To seek approval for the Council to participate in a UK government pilot to provide vouchers to local businesses for 1gb full fibre connections.

2. RECOMMENDATION(S)

- 2.1 It is recommended that committee:

- a) approve the Council's participation in a UK Government funded scheme to provide vouchers to local businesses for 1Gbps full fibre connections subject to approval from the Head of Legal and Democratic Services of the associated grant agreement setting out the terms and conditions of the Council's participation.
- b) note that the Council will be able to recover administration and support costs related to the scheme.

3. BACKGROUND/MAIN ISSUES / OTHER HEADINGS AS APPROPRIATE

- 3.1 The Aberdeen City Region Deal area has been selected as a pilot location for a UK government voucher scheme offering financial support for SMEs adopting gigabit (hyper-fast) capable digital connectivity. Up to £5M may be available, in total, to local businesses to meet the capital costs to upgrade connectivity under the scheme.
- 3.2 The programme is due to launch in December 2017 and run until the national funding allocation is reached. The Council will need to provide resources to support demand stimulation and validation checks on the SME status of applicant companies. The scheme will be administered through a central portal for supplier registration and claims.

4. FINANCIAL IMPLICATIONS

- 4.1 The Council will work with local partners and media to publicise the availability of the grant to local business, and support scheme administration of the central portal. Any costs incurred for these activities will be recoverable from the UK government, subject to submission of a claim by the Council. The Council will not be directly involved in handling payments for individual vouchers.

5. LEGAL IMPLICATIONS

- 5.1 The Council will be required to sign a grant agreement arrangement setting out the terms and conditions of participation. This is currently under review by Legal Services.

6. MANAGEMENT OF RISK

Risk	Mitigation	Assessment
Finances	Failure to be able to support delivery would see the city region deal area lose a potential of £5m grant support for local SME businesses. Resources will be allocated to support the scheme.	Medium
Employees	Inadequate staff resource to support the scheme. The Head of IT and Transformation will seek to identify and secure capacity to support the delivery of the programme.	Medium
Customers/Stakeholders	A lack of demand may reduce impact of scheme. A comprehensive communications strategy is being developed.	Medium
Environment	No risks	
Legal	The Council will need to sign a partner agreement. Legal Services are reviewing this.	Low.
Technological	In sufficient connectivity to reach SMEs. Engage will suppliers to extend networks.	Low
Reputational	Take up may not be as high as estimated. Comprehensive communications plan will be drawn up.	Low.

7. IMPACT SECTION

- 7.1 This proposal supports activity across all areas of the LOIP programme. Aberdeen's LOIP acknowledges the positive impact that digital connectivity can have on economic, educational, health and social needs.
- 7.2 Economy
- 7.2.1 The Council aims to support improvement in the local economy by providing high speed fibre connectivity to small and medium businesses.
- 7.3 People
- 7.3.1 The proposal supports ACC and partner initiatives to deliver world class connectivity to all communities within the city. While targeted at SMEs the underlying infrastructure becomes available to all sectors and individuals. Supporting the wellbeing of locally based SMEs will have positive social economic benefits.
- 7.4 Place
- 7.4.1 The use of central government support to local SMEs will help secure equitable delivery of enhanced connectivity to SMEs operating in all our communities helping to address market shortcomings in offering competitive pricing to locations at the edge of network reach.
- 7.5 Technology
- 7.5.1 This proposal supports key elements in the LOIP and Aberdeen City Region Deal by facilitating commercially attractive connectivity for our SME community.

8. BACKGROUND PAPERS

Aberdeen Local Outcomes Improvement Plan.

9. APPENDICES (if applicable)

None

10. REPORT AUTHOR DETAILS

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HEAD OF SERVICE DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1st December 2017
REPORT TITLE	Year of Young People Cultural Award Programme
REPORT NUMBER	ECS/17/071
DIRECTOR	Gayle Gorman
REPORT AUTHOR	Fiona Clark

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to seek approval from Committee to commit £100,000 for a Year of Young People funding Award Programme for the financial year 2018/19 for groups and organisations to apply for funding for the delivery of youth led cultural projects and events in Aberdeen to celebrate the Year of Young People in 2018.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) Approve a sum of £100,000 from contingencies or reserves for a Year of Young People Cultural Award Programme for the financial year 2018/19.

3. BACKGROUND/MAIN ISSUES / OTHER HEADINGS AS APPROPRIATE

- 3.1 At their meeting of 16th November Education & Children's Services Committee reviewed an updated Business Plan for 2017 - 2020 and various other documents submitted by Aberdeen International Youth Festival (AIYF). This followed the request made by Council at their meeting on 21st June 2017 to submit a detailed and comprehensive business plan including steps and detailed time line for transitioning to a SCIO.
- 3.2 At the above meeting committee agreed the following:

- (i) to note that the Committee was not supportive of funding being allocated to Aberdeen International Youth Festival as part of the financial year 18/19 budget setting process;
- (ii) to note that the Committee was supportive of funding of £100,000 from contingencies or reserves being approved by the Finance, Policy and Resources Committee at its meeting to be held on 1 December 2017 for a Year of Young People funding Award Programme for the financial year 18/19 for groups and organisations to apply for funding for the delivery of youth led cultural projects and events in Aberdeen to celebrate the Year of Young People;
- (iii) subject to the funding being approved by the Finance, Policy and Resources Committee on 1 December 2017:
 - 1. to instruct the Head of Education and Inclusion, following consultation with the Head of Finance, to set up a Year of Young People funding Award Programme for the financial year 18/19 for groups and organisations to apply for funding for the delivery of youth led cultural projects and events in Aberdeen to celebrate the Year of Young People;
 - 2. delegate authority to the Head of Education and Inclusion, following consultation with the Convener and Vice Convener of the Education and Children's Services Committee, to set the criteria for the awarding of funding from the Award Programme;
 - 3. delegate authority to the Head of Education and Inclusion to review and allocate the awards accordingly;
- (iv) subject to approval of recommendation (ii), to refer the approved recommendations in the report together with appropriate background detail by way of a report to the Finance, Policy and Resources Committee at its meeting be held on 1 December for consideration of funding allocation for the Award Programme, with the recommendation that (1) a sum of £100,000 from contingencies or reserves be allocated to the Award Programme for a one year period; and (2) the Head of Finance be delegated the power to account for this funding as appropriate; and
- (v) to instruct the Head of Finance and Head of Education and Inclusion to report to the Finance, Policy and Resources Committee on 1 December 2017 as part of the report approved at (iv) above detailing all of the in-kind support and non-core funding provided to Aberdeen International Youth Festival.

3.3 Information detailing the total support both financial and in kind given to Aberdeen International Festival is contained in the Appendix to this report . (see Appendix 1)

4. FINANCIAL IMPLICATIONS

4.1 The establishment of a Year of Young People Award Programme will be for 2018/19 only in recognition of the Year of Young People 2018.

5. LEGAL IMPLICATIONS

- 5.1 Legal Services will be required to help scope and agree the conditions of grant awards from the funding award programme for the Year of Young People.

6. MANAGEMENT OF RISK

- 6.1 The following risks and mitigations have been identified:
- 6.2 **Financial** – this report considers the risk attached to funding given to External Cultural organisations and the need to ensure value for the City Council's investment. – medium.
- 6.3 **Employee**- none – N/A.
- 6.4 **Customer/citizen** – with the focus on young people it is important that young people are fully involved in the development of funding bids, programming of events and activities and involved in the award process – medium.
- 6.5 **Environmental** - none – N/A
- 6.6 **Technological** – none – N/A.
- 6.7 **Legal** – conditions of grant for funding programme for the Year of Young People to be drafted as per agreed criteria. -low
- 6.8 **Reputational** – through the 365 Events programme, an in addition with the City Cultural Strategy, the Council has established a framework for the City of Aberdeen, through which to deliver high quality, ambitious and sustainable cultural offer. The Year of Young People Award funding programme will give young people in the city the opportunity to be directly involved in shaping the programme of events and activities throughout 2018 – medium

7. IMPACT SECTION

Economy

- 7.1 Cultural events and activities as part of a celebration of Year of Young People have the potential to attract local and visiting families whether in the city centre or across the city in the wider communities. There is also the potential for opportunities for artists and creatives to work in the city helping to retain talent. .

People

- 7.2 The aim is to offer opportunities which will have a positive impact on our young people, offering them opportunities to engage with, and participate in cultural and creative activities. The current work on the development of a tool

kit to evaluate impacts will assist in evaluating projects and activities to inform future work and assist the Council and grant recipients to understand the impacts of their work

Place

- 7.3 The Year of Young People Award programme has the potential for community cohesion and resilience. Young people will be encouraged to engage with the international visitors on collaboration, enabling relationships to be developed.

Technology

- 7.4 In particular the use of social media to engage local people in the planning and delivery of events and activities, and to provide opportunity to engage in collective sharing of their experiences, will be actively encouraged.

8. BACKGROUND PAPERS

Council Report – 16th November 2017: Aberdeen International Youth Festival updated Business plan 2017-2020. – ECS/17/055

9. APPENDICES (if applicable)

Appendix 1 – Funding and support granted to AIYF

10. REPORT AUTHOR DETAILS

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Aberdeen International Youth Festival Funding

The following table shows the funding allocated to AIYF for the current and preceding financial years.

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
<u>Direct Funding</u>	<u>£</u>	<u>£</u>	<u>£</u>
Common Good - Annual Funding	85,000	65,000	65,000
Common Good - Mary Garden Prize	1,500	1,500	1,500
Common Good - Aberdeen Mela	-	-	20,000
Common Good - Twinning Grants	-	-	-
Culture Budgets - Annual Funding	57,393	77,393	62,653
Sponsorship - Accord Card	1,750	900	-
Creative Funding grant	3,045	5,000	-
Internship support grant	-	1,000	-
	148,688	150,793	149,153
<u>Indirect Funding/Subsidy</u>			
Finance/Legal Staffing Subsidy	18,400	19,470	18,990
Total AIYF Funding	167,088	170,263	168,143

Note

1 There is a subsidy in terms of AIYF's use of 17B Belmont Street, but this is difficult to quantify due to the multiple occupancy of various parts of the building.

2 The council has guaranteed any pension liability in the event AIYF were to cease and be unable to meet this liability.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	1 December 2017
REPORT TITLE	Disposal of the Former Victoria Road School
REPORT NUMBER	CHI/17/226
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Neil Strachan

1. PURPOSE OF REPORT:-

- 1.1 This report gives background to Committee on the progress of the disposal and seeks approval for the proposed next actions in order to see the property disposed of and subsequently the site brought back into economic use.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee approves the following recommendations:-
- a) Instruct the Head of Land and Property Assets following consultation with the Head of Commercial and Procurement Services to progress with the demolition of the property by instructing the tendering of the demolition contract.
 - b) Instruct the Head of Land and Property Assets in conjunction with the Head of Commercial and Procurement Services to award the tender to the successful tenderer incorporating such appropriate clauses within any contract to protect the Council's interest.
 - c) Approve the estimated expenditure in relation to a) and b) above as detailed in appendix 1.
 - d) Instruct the Head of Land and Property Assets to formally offer the cleared site to the Shaping Aberdeen LLP. If not required by the Shaping Aberdeen LLP instruct the Head of Land and Property Assets to formally offer the cleared site to the Housing Revenue Account and if not required by the Housing Revenue Account instruct the Head of Land and Property Assets to recommence the open marketing of the site.

3. BACKGROUND/MAIN ISSUES

- 3.1 The property was declared surplus to Council requirements in October 2009. The property was then initially marketed by Ryden LLP. A review of the marketing of the property was undertaken in 2012 and it was decided due to lack of interest in the property and in an attempt to reinvigorate the marketing

campaign that the agent would be changed and in July 2012 Graham and Sibbald Chartered Surveyors took on the marketing.

- 3.2 At the Finance and Resources Committee of 13 June 2013 the committee approved a recommendation to suspend marketing for 6 months to allow Torry Community Council/ Torry Development Trust time to prepare a feasibility study on the potential reuse of the property. The Property Sub Committee of 4 February 2014 extended this period of suspension to allow the community council more time.
- 3.3 The Property Sub Committee of 22 April 2014 received a report on the progress made by Torry Community Council/ Torry Development Trust along with an update that there appeared to be increased interest in the property from the open market. Committee approved the recommendation to remarket the property and set a closing date for offers. A closing date of 1 July 2014 was set and 10 offers were received at this date.
- 3.4 A report submitted to the Finance, Policy and Resources Committee of 30 September 2014 recommended the Council accept the offer submitted on behalf of BDW Trading Limited (Barratt). This offer had a gross price of £1,810,000 for the demolition of the buildings on the site and the construction of 62 residential units. The report was referred to the full Council meeting of 8 October 2014 where the recommendation was approved.
- 3.5 The successful bidder submitted their Proposal of Application Notice in November 2014 and following discussions and negotiations a conditional missive with BDW Trading Limited was completed in June 2015. An initial planning application was lodged in July 2015. Following a re-advertisement of the planning application a significant number of objections were received and in May 2016 a public hearing for the planning application was held. This initial application was withdrawing in June 2016.
- 3.6 BDW Trading Limited then approached the Council to amend the conditional missives as they believed by reducing the number of units to 56 that a new application would be successful. The missives were amended and a new application lodged in July 2016. This planning application was refused in January 2017. In line with the missives BDW Trading Limited then formally withdraw from the missives in April 2017.
- 3.7 The building is not listed and is not within a conservation area which means that the property could be demolished without a planning application. Further a building warrant for the demolition of the buildings on the site has been approved by Building Control. Further during the marketing of the property Historic Scotland were requested to list the building. Following a review of the building by Historic Scotland they concluded in September 2014:
- 3.8 *“We have considered the property against the criteria for listing and, from the information available to us, we do not find that it meets the necessarily rigorous standards for inclusion as a building of special architectural or historic interest. You will appreciate that we must maintain a high standard for the lists or we risk diluting a designation that must be defensible against legal challenge.”*

- 3.9 In the review of sites available for a potential new school in Torry the site was included in the assessment however it is not big enough to provide a modern school fit for providing the current curriculum. There continues to be no operational requirement for the asset. Further it is confirmed that Shaping Aberdeen LLP would not be looking to redevelop the existing buildings due to the excessive cost of conversion in comparison to a new build development. This was supported by the offers received at the last closing date where only two offers proposed to retain the building. The highest offer to retain the building was at a level which was approximately 65% less than the gross price which was recommended for acceptance at Committee. It should be noted that since the closing date the property market in Aberdeen has been affected by the local economic environment and therefore it would be expected that any offer to retain the building now would be even lower.
- 3.10 It is therefore appropriate for the Council to offer the site to the Shaping Aberdeen LLP if the site is not required for residential development and it is further established that there is no requirement from the Housing Revenue Account the subjects will be exposed to the open market. If required by the Shaping Aberdeen LLP the site will be sold to the LLP in accordance with the Council's objectives of the LLP Accordingly in the meantime to assist in the future development of the site either internally or via the re-marketing of the asset it is recommended that the Council progress to demolish the building.
- 3.10 The demolition of the building will reduce a burden on the Council and also its public sector partner's resources as once demolished it will not be a target for vandals. Further by removing the building this will remove an area of uncertainty for any potential developer of the site and therefore it is expected that although the recent planning application refusal will not help redevelopment for residential use that the site would still be attractive at the correct pricing level for purchase for development. It should be noted that if the Shaping Aberdeen LLP or HRA wish to progress the development of the site the Council's General Fund would still receive a capital receipt however it would be expected to be lower than the receipt that could be generated if the site was exposed to the open market for development with private residential units..

4. FINANCIAL IMPLICATIONS

- 4.1 The property has been vacant since it was declared surplus to requirements by the Education Service at the Education, Culture and Sport Committee of 8 October 2009. Since the instruction to market the property it has been marketed by two separate agents. During the time the property has been vacant it has been the subject of repeated vandalism and theft. This has result in significant damage being done to the property which has included water ingress and fire damage. The property was subject to a small fire in April 2015 which has resulted in the first floor structure being damaged.
- 4.2 Since October 2011, which is as far back as our current system allows us to interrogate, there has been approximately £21,500 spent on re-securing the property by Building Services. This is the cost of the call out and the materials used. It does not however provide the cost of Land and Property Assets staff

instructing the work, inspecting the property and responding to concerns from the local community regarding the building.

- 4.3 Further the property has been a burden on the emergency services with Police Scotland confirming that they have been called a total of 19 times in the last 12 months regarding the property and in most cases this resulting in an officer being sent to follow up the incident.
- 4.4 If the recommendation is approved by Committee, the Council's Quantity Surveyors have estimated the demolition cost to be as identified in the confidential appendix. It is intended that the cost of the demolition will be recovered from the sale proceeds.

5. LEGAL IMPLICATIONS

- 5.1 The Council will seek to agree to have the demolition warrant novated from BDW Trading Limited to the Council and this may require some input from Legal in order to arrange an appropriate transfer. Building control has confirmed that the warrant was granted in March 2015 and it has a 3 year lifespan therefore work would have to commence before 17 March 2018. If not commenced before 17 March 2018 an extension of the warrant would have to be applied for.
- 5.2 In undertaking the demolition a contract with an appropriate contractor will be required however this will be progressed in line with the Council's procurement process with appropriate legal documents agreed.

6. MANAGEMENT OF RISK

- 6.1 In relation to this project there are two main areas of risk, these being the risk to public safety due to the deteriorating condition of the asset and a reputational risk due to public desire to keep the building, however below is a note under the appropriate headings.
- 6.2 **Financial**
By retaining the building on the site there will be a continuing financial burden on the Council to undertake repairs and to respond to incidents at the site. There is also a financial risk if the Council do progress with the demolition of the building regarding the costs of the demolition. The estimate provided in the appendix has been provided by the Council's Quantity Surveyors with the best information available. Further any contract that follows will be managed appropriately to ensure the lowest possible chance of a cost overrun.
- 6.3 **Employee**
By not demolishing the building there continues to be a risk to staff who will be required to inspect the site regularly and respond to incidents at the building. If the building was not demolished then the existing procedures will continue to be followed requiring all parties entering the site to have appropriate personal protective equipment.
- 6.4 **Customer / citizen**
As stated above the property has been the subject of repeated acts of vandalism. The site is secured by gates, walls and also heras fencing

however still access is being gained to the site. Further all window openings are already boarded at ground floor level and have to be checked regularly to ensure none are removed. While the building remains on the site it will remain a target for vandalism. If the building was removed this should reduce the desire from people to enter the site. However more importantly it will remove the risk to parties who do enter the site as the site would be left in a safe condition following the demolition.

6.5 Environmental

The existence of the derelict building on the site does not benefit the environment of the surrounding properties. However it should be noted that some people would see the demolition of the building as being a negative for the local environment due to the loss of a granite building.

6.6 Technological

There is not expected to be any risk under this heading.

6.7 Legal

There is not expected to be any further legal issues.

6.8 Reputational Risk

During the marketing of the property for sale the local community showed interest in retaining the building. To that extend they were permitted time to prepare proposals for the site. At the closing date these proposals were not acceptable to Committee. During the planning application process significant numbers of objections were received into the Planning Authority regarding the demolition of the building and loss of granite heritage. It is anticipated that there could be a significant negative public response to the demolition of the building. In order to mitigate this it could be proposed that the Community Council are provided with a briefing detailing the reasoning for the demolition.

7. IMPACT SECTION

7.1 Economy

In order to improve the use of this vacant property the demolition should assist in the remarking of the site as it would remove one area of uncertainty over the future redevelopment of the site. This would hopefully ensure the site could be disposed of quicker thus allowing the site to be brought back into economic use.

7.2 People

The presence of a derelict building in a community is not desirable. Further a number of local residents have contacted the Council concerned with the vandalism and the fact that people are attracted to the site. The removal of the building should reduce the opportunity for vandalism and hopefully reduce the impact on the local residents.

7.3 Place

The removal of the building will remove the current eyesore and should allow redevelopment to commence quicker. It is anticipated that redevelopment will be with residential units which should improve the local environment.

It should be noted that some local residents will not see redevelopment as an improvement as there is a feeling that the retention of the granite building is key to maintaining the granite heritage of Torry.

7.4 Technology

It is not anticipated that this proposal will have any impact on technology.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

Confidential Appendix 1

10. REPORT AUTHOR DETAILS

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