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To: Councillor Laing, Convener; and Councillors Boulton, Flynn, Lumsden and Yuill.

Town House,
ABERDEEN 2 February 2018

STRATEGIC TRANSFORMATION COMMITTEE

The Members of the **STRATEGIC TRANSFORMATION COMMITTEE** are requested to meet in **Committee Room 2 - Town House** on **FRIDAY, 9 FEBRUARY 2018 at 2.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

DETERMINATION OF URGENT BUSINESS

1.1 Urgent Business

DETERMINATION OF EXEMPT BUSINESS

2.1 Determination of Exempt Business

DECLARATIONS OF INTEREST

3.1 Members are requested to intimate any declarations of interest

REQUESTS FOR DEPUTATION

4.1 None received at this stage

COMMITTEE BUSINESS

5.1 Minute of Previous Meeting of 14 November 2017 (Pages 5 - 8)

5.2 Committee Business Statement (Pages 9 - 10)

5.3 Committee Tracker (Pages 11 - 14)

MONITORING AND CONTROL

6.1 Transformation Portfolio Highlight Report (Pages 15 - 26)

6.2 Transformation Portfolio Budget and Commitments (Pages 27 - 32)

REPORTS FROM BOARDS

7 IT DELIVERY BOARD AND DIGITAL STRATEGY

7.1 Booking and Payment Digital Pilots Demonstration

8 FINANCE DELIVERY BOARD

There are no reports submitted for this item.

9 CUSTOMER DELIVERY BOARD

There are no reports submitted for this item.

10 OPERATIONS DELIVERY BOARD

10.1 Asset Review - Business Case (Pages 33 - 58)

11 WORKFORCE DELIVERY BOARD

11.1 Tier 2 - Chief Officer Recruitment Process (Pages 59 - 64)

12 GOVERNANCE DELIVERY BOARD

There are no reports submitted for this item.

EXEMPT/CONFIDENTIAL BUSINESS

13 COMMISSIONING DELIVERY BOARD

13.1 Third Party Spend (Pages 65 - 76)

14 IT DELIVERY BOARD AND DIGITAL STRATEGY

14.1 Digital Platform Business Case (Pages 77 - 110)

15 RESOURCES DELIVERY BOARD

15.1 Migration to Transitional Target Operating Structure (Pages 111 - 130)

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

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STRATEGIC TRANSFORMATION COMMITTEE

ABERDEEN, 14 November 2017. Minute of Meeting of the STRATEGIC TRANSFORMATION COMMITTEE. Present:- Councillor Laing, Convener; and Councillors Boulton (from article 5 onwards), Flynn, Lumsden and Yuill.

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

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=602&MIId=5896&Ver=4>

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

MINUTE OF PREVIOUS MEETING OF 4 OCTOBER 2017

1. The Committee had before it the minute of its previous meeting of 4 October 2017, for approval.

The Committee resolved:-

to approve the minute as a correct record.

COMMITTEE BUSINESS STATEMENT

2. The Committee had before it a business statement prepared by the Head of Legal and Democratic Services, comprising business referred from other committees.

The Committee resolved:

to note the updates contained in the business statement.

COMMITTEE TRACKER

3. The Committee had before it a tracker of future committee business.

The Committee resolved:

to note the information contained in the committee report tracker.

TRANSFORMATION PORTFOLIO - BUDGET AND BENEFITS REALISATION – CG/17/139

4. With reference to article 3 of the minute of its meeting of 4 October 2017, the Committee had before it a report by the Head of Finance which provided an update on the budget available and associated benefits realisation arising from transformation.

STRATEGIC TRANSFORMATION COMMITTEE

14 November 2017

The report recommended:

That the Committee:

- (a) note the contents of the report; and
- (b) agree that Delivery Boards report back to the Board, via the appropriate Control Board, on the outcome of each work stream referred to in Appendix 1 and the expected benefits realisation arising from each work stream.

Ms Buthlay, Senior Accountant, Finance, advised in respect of recommendation (b) that the information on the outcome of each work stream was contained in the report and there was no appendix.

The Committee resolved:

- (i) to approve recommendation (a); and
- (ii) to agree that Delivery Boards report back to the Committee, via the appropriate Control Board, on the outcome of each work stream referred to in the report and the expected benefits realisation arising from each work stream.

TRANSFORMATION PORTFOLIO HIGHLIGHT REPORT – CG/17/140

5. With reference to article 2 of the minute of its meeting of 4 October 2017, the Committee had before it a report by the Chief Executive which provided a high-level view of progress to date of the Transformation Portfolio.

The report recommended:

That the Committee note the highlight report.

The Committee resolved:-

- (i) to instruct the Interim Transformation Consultant to advise the Committee, by way of email, of the cost of the visit to Croydon to meet the Director and Head of Service with responsibility for Commissioning;
- (ii) to instruct the Interim Transformation Consultant to provide the Committee, by way of email, with definitions for primary, secondary and tertiary spend;
- (iii) to instruct the Head of Legal and Democratic Services to advise the Committee, by way of email, whether parking charges could be used as a means of income generation; and
- (iv) to note the highlight report.

BUSINESS SUPPORT REDESIGN – CG/17/141

6. The Committee had before it a report by the Chief Executive which advised of progress with the consolidation and redesign of the business support function.

STRATEGIC TRANSFORMATION COMMITTEE

14 November 2017

The report recommended:

That the Committee:

- (a) note the decision of the Corporate Management Team to proceed with consolidation of the business support function and that this decision predated the transformation governance structures;
- (b) note that the implementation of the consolidation of the business support function was underway and being monitored by the Resources Delivery Board in the transformation governance structures;
- (c) note the operating model for the centralised function as set out in Appendix 1 and 2; and
- (d) note that savings in the region of £3m from the consolidation would be reflected through the 2018/2019 budget process.

The Committee resolved:

to approve the recommendations.

PORTFOLIO COMMUNICATIONS AND ENGAGEMENT REPORT – CG/17/150

7. With reference to article 9 of the minute of its meeting of 4 October 2017, the Committee had before it a report by the Chief Executive which provided an update on the actions taken to date in relation to developing Aberdeen City Council's Transformation Communications and Engagement plans.

The report recommended:

That the Committee note the updates provided.

The Committee resolved:

- (i) to note the updates provided; and
- (ii) to instruct the External and Internal Communications Manager to review the risk section for future reports.

- COUNCILLOR JENNIFER LAING, Convener.

STRATEGIC TRANSFORMATION COMMITTEE
14 November 2017

DRAFT

STRATEGIC TRANSFORMATION COMMITTEE

COMMITTEE BUSINESS STATEMENT

9 February 2018

Please note that this statement contains a note of every report which has been instructed for submission to this Committee. All other actions which have been instructed by the Committee are not included, as they are deemed to be operational matters after the point of committee decision. Where a report instructed requires no decision to be made this will be reported in the Committee’s information bulletin. 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 & Resources Committee – 20/09/16 Article 28	<p><u>Review of Bookings and Lettings Procedures in Schools and Learning Centres</u></p> <p>The FP&R Committee agreed:- (1) to instruct officers, in partnership with Sport Aberdeen, to investigate the feasibility and implications of transferring responsibility for administering the bookings and lettings system from Sport Aberdeen to an appropriate team within Aberdeen City Council, and to report their findings and recommendations to Committee in September 2017; (2) to instruct officers, in partnership with Sport Aberdeen, to carry out a detailed analysis of the current charges for bookings and lettings of schools and learning centres, and to report to Committee in February 2017</p>	<p>This item was referred to the STC at the FP&R meeting of 20 September 2017.</p> <p>Members will be invited to “show and tell” events on the progress with the pilot. A demonstration of the system is planned for the Strategic Transformation Committee in January 2018.</p>	Andrew Jones (ECS) Kay Diack (CHI)	14/11/2018	

<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>
		(now March 2017) with recommendations on any required changes to the scale of charges, to ensure the financial viability of the bookings and lettings system.				
2.	Finance Policy and Resources Committee – 29/06/17 Article 23	<p><u>Joint Venture Proposal with Hunchbuzz</u></p> <p>The Committee agreed to (1) instruct the Head of IT and Transformation to prepare a report on the IT transformation strategy for schools, highlighting how this project aligns with the overall IT strategy and timetable, reporting back to the next Finance Policy & Resource Committee on 20 September 2017; and (2) that officers arrange a workshop for members to showcase the project one hour before the next meeting of the Committee on 20 September 2017.</p>	<p>This item was referred to the STC at the FP&R meeting of 20 September 2017.</p> <p>The workshop to showcase the project has been delivered.</p>	Zoe Evans (CG)	12/01/2018	

CYCLE 2 - COMMITTEE STATISTICS

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
Transformation Portfolio Budget	09/02/2018	Sandra Buthly	Steve Whyte	To provide an update on the budget available and associated benefits realisation arising from transformation	
Transformation Portfolio Highlight Report	09/02/2018	David Leslie	Angela Scott	The purpose of this report is to present the Committee with a high-level view of progress to date of the Transformation Portfolio.	
Portfolio Communications and Engagement Report	09/02/2018	Kate O'Neil	Paul Smith	The purpose of this report is to update the Strategic Transformation Management Committee on the actions taken to date in relation to developing Aberdeen City Council's Transformation Communications and Engagement plans.	Withdrawn - Communications and engagement activity has been consolidated within the portfolio highlight report
OBC Finance Redesign	09/02/2018	Steve Whyte	Steve Whyte	The purpose of this report is to present the Committee with an Outline Business Case for Finance Redesign and to seek approval to proceed to a Full Business case.	This review has been consolidated within the workstream for migration to the transitional Target Operating Structure
OBC HR Redesign	09/02/2018	Morven Spalding	Morven Spalding	The purpose of this report is to present the Committee with an Outline Business Case for HR Redesign and to seek approval to proceed to a Full Business case.	This review has been consolidated within the workstream for migration to the transitional Target Operating Structure
OBC Planning Redesign	09/02/2018	Eric Owens	Eric Owens	The purpose of this report is to present the Committee with an Outline Business Case for Planning Redesign and to seek approval to proceed to a Full Business case.	This review has been consolidated within the workstream for migration to the transitional Target Operating Structure
OBC Housing Redesign	09/02/2018	Derek McGowan	Derek McGowan	The purpose of this report is to present the Committee with an Outline Business Case for Housing Redesign and to seek approval to proceed to a Full Business case.	This review has been consolidated within the workstream for migration to the transitional Target Operating Structure
Full Business Case - Mobility	09/02/2018	Mark Reilly	Bernadette Marjoram	Following agreement of the Outline Business Case for Mobility, to seek approval of a Full Business case.	Withdrawn - Work is still on going, will be presented at next STC in June 2018

Full Business Case - Facilities	09/02/2018	John Quinn	Bernadette Marjoram	Following agreement of the Outline Business Case for Facilities, to seek approval of a Full Business case.	Withdrawn - Work is still on going, will be presented at next STC in June 2018
Third Party Spend	09/02/2018	Craig Innes	Craig Innes	To advise Committee of opportunities for efficiency through management of third party spend.	
Tier 2 – Chief Officer Recruitment Process	09/02/2018	Morven Spalding	Steve Whyte	This report outlines the proposed process for filling the Tier 2 Chief Officer posts established by Council on 11 December 2017 including the requirement to procure a recruitment partner to provide recruitment services as part of the recruitment and selection process	
Asset Review – Business Case	09/02/2018	Stephen Booth	Steven Whyte	This report provides accompanies a business case which investigates the Council's property asset base and makes recommendations on short and medium term actions.	
Digital Platform Business case	09/02/2018	Gordon MCMullan	Simon Haston	The purpose of this report is to seek agreement from the Committee to launch a beta version of the two digital pilots agreed and to initiate a procurement process for a corporate system.	
Migration to transitional Target Operating structure	09/02/2018	David Leslie	Angela Scott	The purpose of this report is to provide the strategic transformation committee with the opportunities for change that have been identified as part of the move to the transitional target operating structure	

CYCLE 3 - COMMITTEE STATISTICS**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
Transformation Portfolio Budget	09/03/2018	Sandra Buthly	Steve Whyte	To provide an update on the budget available and associated benefits realisation arising from transformation	
Transformation Portfolio Highlight Report	09/03/2018	David Leslie	Angela Scott	The purpose of this report is to present the Committee with a high-level view of progress to date of the Transformation Portfolio.	
Portfolio Communications and Engagement Report	09/03/2018	Kate O'Neil	Richard Lundie Sadd	The purpose of this report is to update the Strategic Transformation Management Committee on the actions taken to date in relation to developing Aberdeen City Council's Transformation Communications and Engagement plans.	

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ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Transformation Committee
DATE	9 th February 2018
REPORT TITLE	Transformation Portfolio Highlight Report
LEAD OFFICER	Steve Whyte
REPORT AUTHOR	David Leslie
REPORT NO:	CG/18/014

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to present the Committee with a high-level view of progress to date of the Transformation Portfolio.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) Note the highlight report.

3. BACKGROUND/MAIN ISSUES

- 3.1 The Committee considered a report at their previous meeting which gave details of the Transformation Portfolio and its programmes of work. It is intended that each meeting of the Committee receives a Highlight Report which advises the Committee of progress to date across each of the programmes.

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, Employee, Customer / citizen, Environmental, Technological, Legal and Reputational risks have been considered with respect to the recommendation of this report. Risks identified in relation to the portfolio and programmes of work are identified, assessed and mitigated within each programme and project. The consideration of a Highlight report by both the Committee and the Transformation Management Board, which will include escalated risks, is one mitigation of those risks.

Risks in relation to the transition to the Target Operating Model have been identified, are currently being assessed and added to the Council's Corporate Risk Register, which is reviewed monthly by the Corporate Management Team.

7. IMPACT SECTION

7.1 Economy

An assessment of strategic alignment is undertaken in relation to each project included within the Portfolio.

7.2 People

An assessment of strategic alignment is undertaken in relation to each project included within the Portfolio.

7.3 Place

An assessment of strategic alignment is undertaken in relation to each project included within the Portfolio.

7.4 Technology

An assessment of strategic alignment is undertaken in relation to each project included within the Portfolio.

8. BACKGROUND PAPERS

None

9. APPENDICES

The Highlight Report is attached as an Appendix.

10. REPORT AUTHOR DETAILS

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HIGHLIGHT REPORT

Transformation Portfolio

Highlight Report

January 2018

HIGHLIGHT REPORT

Portfolio Update

Overall the Transformation Portfolio is on track. Key portfolio deliverables for this period have been completed. A number of deliverables are actioned for completion by the timescale required. Further details of this is provided in the below table.

Following Council approval of the transitional structure, implementation plans to migrate from existing to new structure are being developed. Preparations for the Directors arrival are in the final stages. Recruitment to the Chief Officer posts is underway, including matching and internal recruitment.

The final sprint has been completed for the Digital Pilots and a decision to roll out is being sought at the Strategic Transformation Committee on the 9th February.

A programme of work is currently being defined aimed at embedding the capabilities required to deliver the Target Operating Model within the organisation. This work will be staff led, in partnership with Trades Unions.

HIGHLIGHT REPORT

Phase	Deliverable	Status	End Date
Organisational Design			
Target Operating Model	Define Target Operating Model (TOM)	Complete	23/08/2017
	Confirm Tier 1 Structure	Complete	23/08/2017
	Transformation Governance in place	Complete	23/08/2017
Tier 1 Management Structure	Recruit Tier 1 Directors	Complete	01/12/2017
	On Board Directors	In Progress	02/04/2018
Tier 2 Management Structure	Design Tier 2 Structure including service areas	Complete	11/12/2017
	Designed Tier 2 Chief Officer Job Profiles	Complete	11/12/2017
	Recruit Tier 2 Chief Officers	In Progress	30/03/2018
	On Board Chief Officers	In Progress	30/04/2018
Migration to transitional structure	Staff engagement on TOM functional structure	Complete	28/11/2018
	Analysis of organisational staff and finance data	In Progress	ongoing
	Alignment of services and posts to the transitional structure	Complete	11/12/2017
	Opportunities for Change Identified	In Progress	20/02/2018
	Transition approach	In Progress	20/02/2018
	Communication Plan	In Progress	20/02/2018

HIGHLIGHT REPORT

	Implement migration to transitional structure	In Progress	30/06/2018
Service Redesigns	Outline Business Case – Total Facilities Management	Complete	04/10/2017
	Outline Business Case – Fleet and Transport	Complete	04/10/2017
	Outline Business Case – Assets	Complete	22/12/2017
	Full Business Case – Fleet and Transport	Under Review	30/05/2018
	Full Business Case – Assets	Complete	02/02/2018
	Full Business Case – Total Facilities Management	Under Review	30/05/2018
Technology			
Digital	Engage Digital Partner	Complete	04/12/2018
	Digital Pilot - Bookings	Complete	02/02/2018
	Digital Pilot – Parking Permits and Fines	Complete	02/02/2018
	Procure Digital Booking Platform	In Progress	09/02/2018
	Human Capital Management System Approval of Preferred Supplier	In Progress	01/02/2018
	Master Data Management Phase 1	In Progress	22/02/2018
Commissioning			
Third Party Spend	Third Party Spend Report	Complete	02/02/2018

HIGHLIGHT REPORT

Programme Updates

Programme	Description
Customer	<ul style="list-style-type: none"> Corporate Website – The new Aberdeen City Council website was launched on 29 November 2017. A post implementation document has been produced and reviewed at the Customer Delivery Board in January 2018. Work will now continue to further develop the content and planning will commence on implementing a centralised approach to publishing and training for specific service content contributors; Customer Experience Platform - Phase 1 of the implementation of digital services is underway within the Customer Experience Platform. Since the last update, the following services have now gone live – Accord replacement card, change of address, Access to leisure updates and renewals, with Members Enquiries going into live operation on the 10th January. Further services to be migrated from Lagan to Firmstep by end of February in order to decommission Lagan; Housing Review - the final report for the Housing Review was presented to the Customer Delivery Board in early January and next steps agreed, which include the creation on an internal project team to review the recommendations and enable the preparation of the Outline Business Case to be submitted to the Strategic Transformation Committee in June 2018.
Commissioning	<ul style="list-style-type: none"> Third Party Spend review – a workshop was held to investigate opportunities around our third party spend. The opportunities identified are being validated and reported to the Strategic Transformation Committee through the Third Party Spend report; Financial controls have been re-emphasised and are being monitored by the Finance and Commissioning Control Board; Procurement regulations – these are in the final draft stage and are included in the Governance review and will be submitted to Council in March 2018.

HIGHLIGHT REPORT

Operations	<ul style="list-style-type: none"> • Fleet and Transport – the draft business case is being reviewed. The full business case will be submitted to the Strategic Transformation Committee in June 2018; • Total Facilities Management and Stores – the draft business case is being reviewed; • Assets – full business case has been through the Control Boards and Transformation Management Board and submitted to the Strategic Transformation Committee;
Resources	<ul style="list-style-type: none"> • The Resources Function has continued to be developed in conjunction with the other programmes in preparation for transition in February; • Business Support - Transformation pages will be updated to incorporate Business Support Review activities and next steps and drop in sessions to be arranged at various sites; • IT/Digitisation – workshops were conducted w/c 22nd January for Business Support in Scope staff to review and identify process improvement and digitisation opportunities.
Workforce Change	<ul style="list-style-type: none"> • Director Recruitment – new Directors announced and will be in place by the end of March 2018; • Tier 2 – job matching process is nearing completion and the remaining vacant posts are now out for internal application with a closing date of 29 January. The selection process is planned for w/c 5 and 12 February; • Employee Change Journey and process for transformation currently being developed; • Project to review HR policies and procedures is currently being scoped.

HIGHLIGHT REPORT

Finance	<ul style="list-style-type: none"> • New TOM cost centre structure is now live in ledger with integrity maintained; • Finance Competency Training – draft programme reviewed with HR colleagues for rollout plan to be commenced. Basic finance training and systems training roll out commenced. Finance competency framework is being finalised for implementation 1.4.18 • Financial governance approach for budget holders being rolled out to new Directors and Chief Officers. • Workstream to review financial business processes before, during and after implementation of TOM has been fully scoped. Visits to services underway.
Technology	<ul style="list-style-type: none"> • Human Capital Management – project was reviewed by the Control Boards and Transformation Management Board and has been submitted to the Finance, Policy and Resources Committee; • Digital Pilot: Educations Bookings – project is continuing with the system being demonstrated to a number of staff groups and is being presented to the Strategic Transformation Committee; • Digital Pilot: Parking Permits – project is continuing with the system being demonstrated to a number of staff groups and is being presented to the Strategic Transformation Committee; • Master Data Management – high level roadmap and 3rd party deliverables have been completed. Information governance structure is in-situ. To be reviewed at control and management boards in February 2018, in order to progress to phase 2. • Office 365 – full roll out planning has been developed and actual roll out has commenced for initial services, namely business support; • Your Desktop – phase one VDE replacement on track to be completed by end of February. Analysis underway to quantify additional users across the Council.
Governance	<ul style="list-style-type: none"> • General Data Protection Regulation readiness plan reported to and agreed by the Corporate Management Team; • Scheme of Governance documents presented to Group Leaders and Transformation Management Board and prepared for reporting to full Council on 5th March.

HIGHLIGHT REPORT

Communications and Engagement

Formal consultation - launched to discuss the Transitional Structure between 8 November and 28 November. Feedback was incorporated into the wider series of staff engagement events which up to 28 November included more than 108 sessions and involved at least 4505 staff.

Employee Voice - the first meetings of the Communication Network took place in November and December to encourage engagement across the organisation with the official launch taking place in January.

External / Internal News

- Launched the new Aberdeen City Council website and related internal/external communication, underlining the site's role as a building block for the Council's expanding digital offering;
- Confirmation of the appointment of the Council's digital partner and associated internal and external communications, including through the London Stock Exchange;
- Announcement of the directors recruited to lead the four new functions at the heart of the TOM;
- Announcement of internal advertisements for various Chief Officer posts in line with the Functional Structure approved at Full Council in December 2017.

Change Controls

Programme	Description
N/A	No change control requests have been submitted within this reporting period

HIGHLIGHT REPORT

Key Portfolio Risks / Issues	
Programme	Description
Target Operating Model	Employee – In implementing organisational change such as the move to interim functional structure, there may be a risk of staff feeling unsettled. In mitigation of this all staff will continue to be included and engaged in the process, so that they can participate in the design of new services and know that their views are being actively considered. An Employee Communication Group has been instigated as part of Transformation engagement.
	Customer/citizen – The need to maintain delivery of “Business as Usual (BAU)” services to customers during the transition to the interim functional structure has been identified. To mitigate risks a robust governance structure has been implemented and during transition BAU performance will be monitored and reported into appropriate governance arrangements.

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COMMITTEE	Strategic Transformation
DATE	9 February 2018
REPORT TITLE	Transformation Portfolio – Budget Update
REPORT NUMBER	CG/18/011
DIRECTOR	Steven Whyte
REPORT AUTHOR	Sandra Buthlay

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to provide an update on the budget available and committed for the transformation portfolio.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Board:

- a) Note the contents of this report; and
- b) Agree the allocation of funding from the Transformation Fund for the Commitments for Approval as detailed in Appendix 1, subject to decisions taken by the committee in relation to other reports on this agenda.

3. BACKGROUND/MAIN ISSUES

- 3.1 The establishment of a £15 million transformation fund, through the reallocation of existing earmarked reserves, was agreed by Council at its meeting on 23 August 2017, on the basis that this investment will be “refunded” as part of the transformation portfolio within 5 years.
- 3.2 Commitments against this fund were considered and approved by the Strategic Transformation Committee at its meetings on 4 October 2017 and 14 November 2017.
- 3.3 This approval included the creation of a budget of £250k for initial set up costs with delegated authority provided to the Head of Finance, following consultation with the Convener of the Committee, to approve spend against this budget on receipt and consideration of a business case.
- 3.4 Appendix 1 provides details of the current approved commitments (£6.196m), commitments for approval as detailed within the business cases presented to this committee and/or as a result of a review of staff supporting the transformation portfolio (£2.865m) and the resultant total commitments

(£9.061m). Should all requested commitments be approved the remaining uncommitted balance on the fund will be £5.939m.

- 3.5 Investment in transformation will realise benefits for the Council which must be clearly quantified and tracked. Such benefits will flow through from business cases put forward and as these are approved will be recorded against the relevant board in Appendix 1 and reported accordingly. This will include monitoring against the estimated benefits/returns previously presented to this committee.

4. FINANCIAL IMPLICATIONS

- 4.1 A £15 million transformation fund has been made available on the basis that the investment realises financial benefits which will effectively refund that investment within 5 years.
- 4.2 This report requests the allocation of funding and provides an update on commitments against the transformation fund.

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 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 current transformation spend and so financial risk related to this report is considered to be low.

Other

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

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 recommendations in this report.

8. BACKGROUND PAPERS

None

9. APPENDICES

Appendix 1 – Transformation Fund – Budget & Commitments

10. REPORT AUTHOR DETAILS

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HEAD OF SERVICE DETAILS

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TRANSFORMATION FUND - BUDGET & COMMITMENTS						APPENDIX 1	
DELIVERY BOARD	BREAKDOWN OF COSTS	PREVIOUSLY APPROVED COMMITMENTS £000	COMMITMENTS FOR APPROVAL £000	TOTAL APPROVED COMMITMENTS £000	2017/18		NOTES
					ACTUAL SPEND TO PERIOD 9 £000	FORECAST SPEND £000	
OPERATIONS	COSTS						
	Commercial Income Review	90	0	90	25	90	
	Fleet and Mobility Review	166	0	166	0	166	
	Facilities Management Review	166	0	166	0	166	
		422	0	422	25	422	
RESOURCES	COSTS						
	Business Support	265	0	265	265	265	
	Finance Redesign	60	0	60	60	60	
	HR Redesign	60	0	60	60	60	
	Assets Review	70	0	70	0	70	
		455	0	455	385	455	
COMMISSIONING	COSTS						
	Review of Contract Spend	120	0	120	30	120	
		120	0	120	30	120	
ICT / TECHNOLOGY	COSTS						
	Staff Costs	0	353	353	167	353	1
	Digital Roadmap	58	0	58	0	58	
	Digital Partner	4,500	0	4,500	0	30	
	Bookings & Payments Digital Pilot	100	0	100	0	100	
	Booking & Payments Digital Solution	0	2,200	2,200	0	0	2
		4,658	2,553	7,211	167	541	
WORKFORCE	COSTS						
	Migration to Interim Transitional Structure	0	200	200	0	200	3
		0	200	200	0	200	
TRANSFORMATION MANAGEMENT BOARD	COSTS						
	Staff Costs	188	112	300	126	213	1
	Initial Set Up Costs	250	0	250	1	2	4
	Activity Analysis	103	0	103	0	103	5
		541	112	653	127	318	
	TOTAL COSTS	6,196	2,865	9,061	735	2,056	
	TOTAL BUDGET AVAILABLE	15,000	8,804	15,000			
	BUDGET REMAINING	8,804	5,939	5,939			
Notes							
1. Support to the Transformation Portfolio workstream.							
2. Implementation costs requested from Transformation Fund in a separate report to this committee.							
3. Implementation costs requested from Transformation Fund in a separate report to this committee (Chief Officer Recruitment).							
4. As agreed by this committee 4 October 2017.							
5. Initial work undertaken to inform Business Support workstream.							

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ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Transformation Committee
DATE	9 February 2018
REPORT TITLE	Asset Review – Business Case
REPORT NUMBER	CG/18/018
DIRECTOR	Steven Whyte
REPORT AUTHOR	Stephen Booth

1. PURPOSE OF REPORT

- 1.1 This report summarises the key issues from the business case prepared with regard to the Council's property asset base, and makes recommendations on short and medium term actions.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee:
- i) Approves the business case attached as an appendix to this report and notes that the Director of Resources is to implement the Corporate Landlord Model; and
 - ii) Agrees the savings of £737k for 2018/19 and that these are reflected in the budget for 18/19.

3. BACKGROUND

- 3.1 The future Council operating model is focused on commissioning services to improve outcomes for people and place, which necessitates working across organisational boundaries, consolidating service provision, and empowering communities to self-support. The Council's operational assets (e.g. schools, depots, administrative offices etc.) play a key role in influencing the way services are organised and delivered to individuals and communities. The Council's asset base (excluding its social housing portfolio which includes over 22,000 units) exceeds 1,250 properties and is increasing to meet pressure on the school estate. The configuration of the Council's estate will be either a major barrier or enabler to the Council's transformation.

- 3.2 Property running costs are the Council's third highest category of revenue expenditure, equating to £41.2 million (in financial year 2016/17), with an asset value of approximately £1 billion, and a backlog maintenance of £56.9 million (18% of which is considered high priority). Financially, the Council's asset base is significant and therefore has a key contribution to make to the Council's budget challenge.
- 3.3 The Council generates external income of around £6.3 million from its commercial property assets (excluding those held within the Common Good Fund). These include industrial and retail units located across the city.
- 3.4 The Full Business Case, included as an appendix to this report, focusses on the Council's operational assets, commercial estate, community and social assets. The Housing stock, which is managed through the Housing Account for the benefit of the tenants, is out of scope. Assets currently operated by the Council's Arm's Length Organisations (ALEOs) are also out of scope at this time. The business case identifies opportunities available for immediate implementation along with areas of work and opportunities which will require further development to achieve operational efficiencies and budget savings.
- 3.5 The business case considers the opportunities around the establishment of a Corporate Landlord model and identifies this as the platform to take forward further reviews on all the Council's property assets to align with and support the needs of the future Council, reduce operating costs, and maximise commercial revenue. This model was approved as part of the target operating model on 11th December 2017.
- 3.6 The next stage will be to implement the proposed actions to deliver 2018/19 savings and develop an implementation plan for longer term efficiencies and rationalisation across the estate.

4. FINANCIAL IMPLICATIONS

- 4.1 The Business case establishes revenue savings on property assets of £737k which can be delivered in financial year 2018/19. It also identifies further projects which will require to be progressed in order to deliver additional revenue budget savings from financial year 2019/20 onwards.
- 4.2 It should be noted that to deliver the full savings some costs will be incurred around demolition of redundant buildings and property relocation costs. These will be identified in detailed project delivery plans and in future reports with any associated budget implications.

5. LEGAL IMPLICATIONS

- 5.1 There are no significant legal issues identified at this stage. It is anticipated that conveyancing and procurement input will be required to give effect to the potential savings identified. If approved by Committee, the budgetary implications will be intimated to the London Stock Exchange.

6. MANAGEMENT OF RISK

- 6.1 A Project Plan is being developed around the Business Case and will be advanced when the Business case is approved. A number of operational risks around resilience and ICT Infrastructure have been identified which will be considered in project delivery and may impact.
- 6.2 The following categories have been considered; Financial, Employee, Customer/Citizen, Environmental, Technological, Legal and Reputational. No risks were identified at this stage, but will be carefully monitored in the delivery of the business case and as part of its risk planning.

7. IMPACT SECTION

7.1 Economy

The rationalisation of the Council's estate will create wider economic and redevelopment opportunities for others as sites and buildings are brought forward for alternative use.

7.2 People

The plans to rationalise the estate around 'better and fewer' assets will allow the council to focus resources on the retained estate improving the experience for staff and customers.

7.3 Place

The Council's assets have a role to play in the wider creation of place, in how they look, are maintained and in the services they provide to communities.

7.4 Technology

The Council's physical property assets and its digital assets are interlinked in many ways and require careful consideration in how they are maintained connected and managed. The ICT issues around property will be considered in the delivery of the Business Plan.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

Assets Review Business case – January 2018

10. REPORT AUTHOR DETAILS

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	<h1>Full Business Case</h1>	Review Stage Define
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Review Name	Assets Review	Date	January 2018
Author	Stephen Booth	Version	DRAFT 0.06

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2 Service Baseline and Performance	6
3 Opportunities for Improvement	13
4. Next Steps	19

Executive Summary

INTRODUCTION

The Future Council operating model is focused on commissioning services to improve outcomes for people and place, which necessitates working across organisational boundaries, consolidating service provision, and empowering communities to self-support. The Council's operational assets (e.g. administrative offices, depots, schools, etc.) play a key role in influencing the way services are organised and delivered to individuals and communities. The Council's asset base, excluding social housing (over 22,000 units), exceeds 1,250 properties (operational is over 300), and is increasing to meet pressure on the school estate. The configuration of the Council's estate will be either a major barrier or enabler to its transformation.

Property running costs are the Council's third highest category of revenue spend, equating to £41.2m* (FY16/17), with an asset value of approximately £1bn, and a backlog maintenance of £56.9m (18% of which is considered high priority). Financially, the Council's asset base is significant and therefore has a key contribution to make to the budget challenge. *This includes cost of facilities leased by others e.g. Sports Aberdeen which is recharged approximately 3% and excludes capital recharge

Finally, the Council generates external income of circ. £6.3m from its commercial assets (excluding Common Good). In recent years many authorities across the UK have used commercial property revenue as a key opportunity to deliver a sustainable financial position, off-setting Government grant cuts and cost pressures within services. This is still an approach supported by DCLG (Department of Communities and Legal Government in England), but must be done with due and proper consideration of the risk and impact of financial failure.

This Business Case focusses on the Council's operational assets, Commercial Estate, community and social assets. The Housing stock, held on the HRA (Housing Revenue Account) is out of scope. ALEO (Arms Length Organisations) assets are also out of scope at this time.

CASE FOR CHANGE

Baseline

The Council's asset portfolio is managed by two teams, Land and Property Assets and Education Estates Services. The approved organizational structure places all departments managing operational property in the one area under a Corporate Landlord model. This will sit in the same Resources Directorate placing full control of the operational estate, and the Capital programme in the same place. This change will ensure there is no duplication of responsibilities and fragmentation of decision making potentially undermining a strategic approach to asset management which has in the past been evidenced by surplus properties being held by services, and vacant operational properties held pending decisions from services.

The current estate is characterised by the requirements of individual services and influenced by historic needs and opportunities. Its operational asset-base is diverse and fragmented; many facilities are small scale, and appear in many instances to be poorly utilised but due to a lack of data this is difficult to establish and challenge, and finally there is a significant maintenance backlog. By illustration, the Council owns 25 Offices, 17 Libraries, 48 Depots, 14 Swimming pools, 5 golf courses, 59 garages/garage sites, 15 car parks, 77 shops, etc. **Asset consolidation could not only support new, more integrated front-line services, but also reduce maintenance liabilities, running costs and management costs.**

At the same time, while the Council is generating commercial revenue from its non-operational assets, it is apparent that more could potentially be achieved if the team had greater leverage to prioritise investment and maximise return. Some of the Council's commercial assets generate a healthy stable return (e.g. Industrial Ground Leases at 6% and an income of £1.4m). However, some of the commercial portfolio is less effective where the income revenue does not adequately offset maintenance liabilities and management responsibility (such as Industrial Units which return a 15% yield, but is considered poor industrial stock).

Requirements for change

Given the baseline position, the key objectives for change are:

- Consolidating and strengthening a corporate approach to asset management across the Council's entire estate, reducing management costs and enabling a more coherent, strategic approach to assets;
- Reducing the scale and diversity of the estate to focus on the assets that are needed and genuinely add value to the Future Council's target outcomes, reducing maintenance liabilities and running costs (better, fewer assets);
- Maximise the value of capital receipts from non-value adding assets in order to invest in the wider portfolio;
- Maximise the return from commercial assets in order to supplement the Council's income and invest in frontline services for the vulnerable individuals and communities of Aberdeen.

Required changes and potential benefits

This Report provides an indicative view of the opportunities and the scale of benefit that could be achieved. The purpose of the Business Case is to set an agreed direction of travel and identify early savings as part of the 2018/19 budget exercise. The opportunities explored in section 3 of the document provide an illustration of the potential, but it is not exhaustive. However, to realise these opportunities changes need to be made to the running of property services, specifically:

- 1. The implementation of the creation of a single corporate strategic function to manage all operational assets (as established by agreement of the Council's Target Operating Model);**
 - To enable a whole-Council view of asset needs, and support cross-Council working to design local services in conjunction with property needs;
 - To be able to make effective decisions to reconfigure the operational estate to reduce running and property management costs; and
 - To have a significant influence and input into the prioritisation and direction of the capital programme.
- 2. Enhance the corporate commercial property function**
 - To make effective decisions regarding where assets should be disposed of, acquired and invested in;
 - To enable a clinical assessment of return on investment. Thereby, reducing potential liabilities, maximizing management effort and the return on investment. There are a number of potential options available to deliver this, which are influenced by the ability to invest in the right assets, maximise receipts and enable more agile decision. These options are summarised as follows:

As a result it is anticipated that a range of benefits will be unlocked by providing the service with all of the requisite controls to make decisions that will allow the estate to be reconfigured, to challenge service use of assets, and to release the financial benefit:

POTENTIAL AREAS OF SAVINGS	EXAMPLES OF HOW THIS COULD BE ACHIEVED	18/19 POTENTIAL	POST 18/19
Office Rationalisation	<p>Review of office estate to look at:</p> <ul style="list-style-type: none"> Moving council staff from Frederick street property and either disposing of the asset and / or sharing further with partners. Review requirement for Kittybrewster space (Front Office) and relocate all office staff to reduce revenue costs and long term rates (subject to demolition) Review of Accommodation moves budget (1 year reduction pending future reviews). 	<p>£100k (half year)</p> <p>£100k</p>	<p>£200k</p> <p>£350k</p>
Depot Review	Review of Depot space for short term relocations and closure of smaller depots. Look to dispose or clear sites to avoid rates	-	£100K
Place Based Reviews	Initial Review in Tillydrone and Torry – following redevelopment of community hubs etc.	-	£100k
Community Asset Transfer	<p>A number of Community Asset Transfer projects are under review and being advanced:</p> <p>Bon Accord Baths (utilities costs / no rates as listed)</p> <p>Seaton Huts and Depot (utilities/ rates and grant)</p> <p>TA Centre Peterculter (Minimal only circa £3k)</p>	-	£10K
Asset Challenge	<p>A number of assets have already been challenges and savings identified:</p> <ul style="list-style-type: none"> Tarves Road Potterton (lease expiry) - £51k Town house - EFW rent (9 month only) - £15k modular classroom removal - £100k <p>Properties that could be declared surplus</p> <ul style="list-style-type: none"> Woodlands School* Cordyce School* Bucksburn Primary* Public conveniences (Skene St/ Cults rates) Unit 41 Howemoss Rd – Trading standards 19/20. <p>*full year budgets/ subject to removal from valuation roll.</p> <p>Properties that could form part of wider challenge (costs benefits and risks to be quantified)</p> <ul style="list-style-type: none"> Peterculter Depot (£18k) Rosehill House 4 Miltonfold Stoneywood (existing site) 	<p>£166k</p> <p>£181k*</p>	£11k

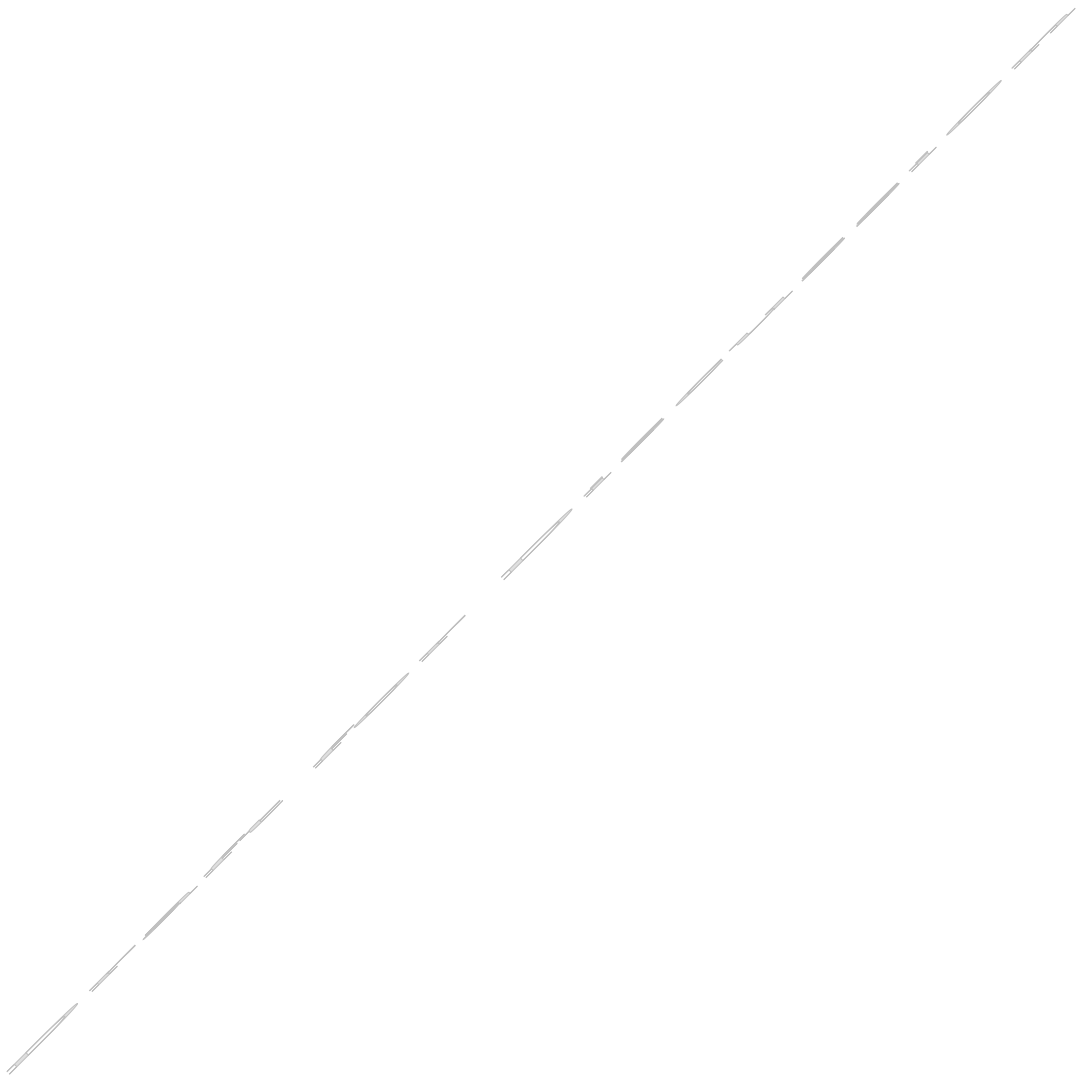
	<ul style="list-style-type: none"> • Balgownie 1 and existing AECC • Jack's Brae Car Park • Greenfern school site • Froghall Community and learning Centre • Mill of Mundurno yard (granite Store) • Culter pop in • Linksfield Day Care Centre • 3 Finnan Place • Carden School site • Cummings park Community Flat • Marischal College (space share with partners) 		
Schools Estate	This review is being developed further to ensure it is consistent with the Council's Target Operating Model, and is expected to be complete by late summer 2018. It will then be reported through the normal governance process after the summer recess.		
Accelerate Disposals	Assets held for sale are managed in a way to reduce the holding costs to the council. As assets are declared surplus the property revenue budget is transferred to asset management until a sale is concluded. The budget for this is currently £285k per annum and covers non domestic rates / utilities and limited fit for purpose repairs. Reduction from Bon Accord indoor bowling / vacant rates restructure and from disposals.	£80k	Subject to asset challenge (detailed review with services).
Commercial portfolio Additional Income	Look to maximize revenue potential from TNRP (tenanted non-residential portfolio) (assume static position on income). If sales are advanced this is unlikely to have impact until 2018/19 but will reduce income. Initial reduction in leased in properties at George Street and Howemoss avenue(one year)	£100k	
	TOTAL	£737k	£766k plus

CURRENT PREFERRED DIRECTION

There are a number of options available to the Council to reconfigure property services to enable it to better support the needs of the Future Council, reduce costs, and maximise commercial revenue. An implementation of a Corporate Landlord model will be advanced with a further review considered thereafter.

NEXT STEPS

If this direction of travel is agreed, the next stage will be to implement proposed 2018/19 savings and develop an implementation plan for longer term rationalisation, including greater clarity of the potential benefits and the associated costs, risks and delivery plan.



1 Strategic Drivers for Change

1.1 STRATEGIC CONTEXT

Aberdeen City Council is Changing: Building a Council for the Future

Local government is experiencing significant ongoing demographic, financial, legislative and cultural pressure. It is recognised across the sector, in Scotland and the wider UK, that traditional approaches to managing and delivering services to communities and individuals are no longer sustainable. To adapt, Aberdeen City Council is redesigning the way it operates and delivers services. This is discussed in more detail in (<https://committees.aberdeencity.gov.uk/documents/s73076/CTOM%20-%20Appendix%20A.pdf>).

The Council's operating model is focused on commissioning services to improve outcomes for people and place, which necessitates working across organisational boundaries, consolidating service provision, and empowering communities to self-support. Importantly, this approach is driven by focusing the Council's scarce resources on those with the greatest need.

The Strategic Role of Property and Assets

The Council's physical estate should play a key role in delivering the operating model by:

- i. Enabling staff to work more collaboratively within the Council (breaking down the culture of traditional internal service-silos) and with public sector partners;
- ii. Supporting the effective delivery of the LOIP outcomes;
- iii. Raising additional income from commercial property that can be reinvested in our public services and off-set Government funding reductions; and
- iv. Generating capital receipts.

Property Services have been successfully contributing to the Council's budget challenge through reducing its running costs, rationalising the estate it controls, and generating commercial income. However, despite this progress there is continuing growth in new assets, and the Council's current approach to managing its vast £1bn property portfolio of over 1,200 assets needs to change.

The management and control of assets has been fragmented across the Council. This has led to missed opportunities regarding asset reconfiguration, use, rationalisation and cost reduction. It is also contributing to backlog maintenance and operational risk challenges, and is undermining the ability of the Council to maximise commercial property income. This is being addressed through the TOM but further review is required.

2 Service Baseline and Performance

2.1 ASSET BASELINE

The Council owns a hugely diverse non-housing property portfolio containing around 1,250 assets, including both land and buildings. These assets are operated by a mixture of different Council services, Operational Trusts, community groups and Leisure Trusts. The key numbers around asset type, value, costs, and surplus are documented in the paragraphs below.

2.1.1 Asset numbers

Property Portfolio	Number of Properties	Notes
Operational schools	63	Includes primary, secondary and additional support needs schools
Other Operational Properties	244	Council or arm's length is delivering a service e.g. sports facilities, offices, depots
Non Operational (Lease outs)	900	Council owned assets such as shops, business centres, industrial units
Surplus Assets	44	Assets that have no current or planned use/ undergoing redevelopment/ of no value.
Total	1,251	Source AMS

Asset Numbers – Source AMF 2016

2.1.2 Asset value

The asset value of the entire portfolio is currently estimated at £1billion. This will however include properties valued on a Depreciated Replacement Costs (DRC) basis.

The value of non-operational and surplus is shown in the table below.

	Number of Assets	Value March 2017	Source
Non-operational properties	497	£172,578,961	Internal valuation report March 2017
Common good	118	£57,263,061	
Farms	29	£32,647,701	
Non-operational properties	350	£82,668,199	
Surplus assets	44	£18,272,000	Internal valuation report March 2017
Assets held for sale	15	£2,755,000	
Vacant surplus	29	£15,517,000	
Total	541	£190,850,961	

Asset Valuation – Valuation Reports March 2017

2.1.3 Required maintenance

Required maintenance is currently £56.9m, of which 18% is considered high priority. The condition surveys carried out as part of the five year programme include figures identifying the cost to replace building elements that are in poor or bad condition. These are shown in the tables below.

	No Properties	Value RM	Total GIFA	RM per m ²	
Required Maintenance	294	£56,931,828	543,550	£104.74	Source SPI Operational Assets spreadsheet

Required Maintenance

41% of Required Maintenance can be accounted for by 10 properties at a value of £23m:

Property Address	Property Type	Required Maintenance	% of total
Denburn Multi Storey Car Park Spa Street	Car Park (Multi-storey)	£4,663,822	8%
Kincorth Academy Kincorth Circle Kincorth	School-Secondary	£4,047,727	7%
Torry Academy Tullos Circle Torry	School-Secondary	£2,911,330	5%
St Machar Academy St. Machar Drive	School-Secondary	£2,595,315	5%
Oldmachar Academy Jesmond Drive Bridge Of Don	School-Secondary	£1,966,075	3%
Cordyce Residential School Riverview Drive Dyce	School-ASN	£1,819,930	3%
Bridge Of Don Academy Braehead Way Bridge Of Don	School-Secondary	£1,590,350	3%
Vehicle Workshop Kittybrewster Depot 38	Depot	£1,328,055	2%
Beach Ballroom Beach Esplanade	Hall	£1,324,645	2%
Aberdeen Grammar School Skene Street	School-Secondary	£1,049,155	2%

Required maintenance top 10 properties AMF 2016

It should be noted that of these properties there are plans to demolish and redevelop Kincorth Academy, Torry Academy and Cordyce, which will remove £8.779 million from the backlog maintenance list. This will reduce the overall total by over 15%.

The Denburn site is in shared ownership with NHS Scotland and is subject to a development brief and potential redevelopment as part of the Council's City Centre Masterplan.

2.1.4 Running costs

Core running costs. Property running costs are the third highest revenue spend for the Council, totalling around £41.2 million (excluding capital debt recharges). The highest revenue costs around the estate are Unitary charges (34%), Business Rates (21%), Energy costs (19%) Repair and maintenance (10%) and Cleaning (9%).

2.1.5 Vacant and Surplus Property

Vacant properties account for 2% of property running costs and effectively represents lost revenue.

2.2 Current Service Performance

Performance has been considered from a range of perspectives:

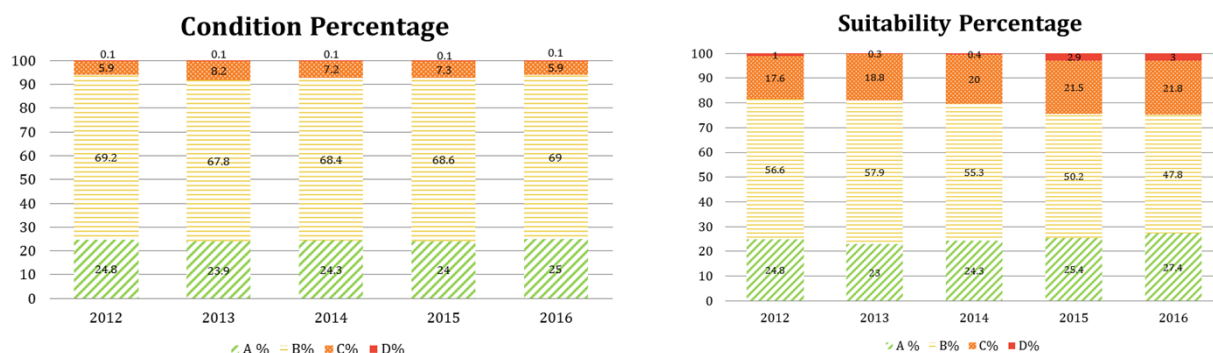
- 1) Operational performance of the service in terms of suitability, condition, access and costs
- 2) Commercial performance in terms of rental income and new revenue streams
- 3) Strategic alignment to the new operating model

2.2.1 Operational - Condition, Suitability and Accessibility

Two indicators that help summarise this are the percentage of buildings that are in appropriate condition and the percentage of buildings that are suitable for their use. Both condition and suitability are assessed on A to D scale. These are:-

- A – Good
- B – Satisfactory
- C – Poor
- D - Bad

There is a mixed picture across the portfolio of suitability and condition. The condition indicator shows that 94% is in A or B condition. This figure has changed little over the five years shown. Suitability is currently at 75.2% which is a figure that has declined over the five years. This is illustrated in the chart below.



The 6% considered in poor condition (C&D) represents 18 properties and represent £12m of required maintenance.

The 75% which score well in suitability represents 214 properties, however of those 214 only 6 are considered to be in poor condition representing a value of £6.9m of required maintenance.

The 25% which score poorly on suitability represent 80 properties. These 80 properties are shown by property type below, and of these 80 there are significant D and C condition costs representing a Required Maintenance value of £28m, which suggests that these 80 properties should be reviewed even though some of them may not be considered in poor condition.

Property Type	Condition D Costs	Condition C Costs	H&S	Other	RM Total
School-Secondary	£1,101,415	£11,993,482	£60,000	£170,000	£13,324,897
School-Primary	£241,635	£4,149,316	£65,000	£226,000	£4,681,951
Depot	£799,985	£2,542,133	£3,000	£58,000	£3,403,118
School-ASN	£1,323,210	£611,635		£34,000	£1,968,845
Hall	£31,350	£1,359,695			£1,391,045
Office	£199,250	£383,883	£125,000		£708,133
Library	£55,925	£495,055	£2,000	£10,000	£562,980
Nursery Gardens	£50,000	£494,395			£544,395
Outdoor Sports Facility	£53,325	£406,325		£20,000	£479,650
Leisure Facility	£23,690	£296,870			£320,560
Community Centre (Leased)	£16,815	£301,097			£317,912
Sports Pavilion	£69,555	£139,656			£209,211
Sports Centre		£164,555			£164,555
Day Centre- LD	£6,700	£128,600	£1,000		£136,300
Workshop		£70,090			£70,090
Swimming Pool		£57,190			£57,190
Arts Studio/Workplace		£39,663			£39,663
Public Convenience		£9,666			£9,666
Children's Home					
Shop					
Total	£3,972,855	£23,643,306	£256,000	£518,000	£28,390,161

Table 14

Out of the 80 which score poorly for suitability, there are 12 properties that have both poor condition and suitability scores, as highlighted below. The required maintenance costs and running costs against those 12 are

shown below and combined represent £7m of costs. Many of these properties have plans against them, for example Cordyce is expected to be demolished, a replacement review has been initiated for St Peter's, a replacement is being constructed at Stoneywood, and investment has been made in Pet's Corner, but these should all be prioritised and accelerated. However, there are instances when property is held pending decisions from service areas.

Property Address	Total Required Maintenance	Running Costs 16	GIFA
Cordyce Residential School Riverview Drive Dyce Aberdeen AB21 7NF	£1,819,930	£14,853	4662
Beach Ballroom Beach Esplanade Aberdeen AB24 5NS	£1,324,645	£289,549	3762
Kittybrewster Depot 38 Powis Terrace (office) Aberdeen AB24 3LJ	£706,790	£652,164	1594
St Peter's R.C. Primary School King Street Aberdeen AB24 1SA	£478,550	£83,863	1503
Stoneywood Primary School Stoneywood Road Stoneywood	£398,925	£84,468	1319
Hazlehead Pets Corner Hazledene Road Aberdeen AB15 8BJ	£320,560	£14,204	474
Denmore Depot Denmore Gardens Bridge Of Don Aberdeen AB22 8LQ	£230,940	£25,191	553
Altens Depot North Loirston Farm Bothy / Toolshed / Steadings Souter	£180,295	£6,244	526
Depot Westburn Park Westburn Road Bothy / Sheds / Garages Aberdeen	£169,790	£317	208
Seaton Community Education Centre School Road Seaton Aberdeen	£120,120	£11,610	156
Harlaw Playing Fields Pavilion Harlaw Road Playing Fields Harlaw Road	£72,090	£7,632	243
Nellfield Cemetery Great Western Road Aberdeen AB10 6DH	£3,550	£1,235	13
Total	£5,826,185	£1,191,330	15,013

12 properties that score poorly for suitability and condition.

Accessibility

84% of Properties are Accessible for service users with disabilities. Those that are rated as good or satisfactory for accessibility account for 84% while those that are rated as poor or bad account for 16% of the portfolio. Often those that are not accessible are the result of the nature of the property (physical constraints/ listed buildings etc.).

2.2.2 Commercial Performance (rental income)

There are a number of ways in which the service can improve commercial performance Firstly in its use of the asset base to maximise value and to create future revenue streams such as the Marsichal Square development, the creation of the Shaping Aberdeen LLP to derive revenue from mid-market rent, Joint venture with Hermiston Securities at Loirston and the AECC. Secondly the Council can deliver rental income from a range of non-operational property that it owns, and currently the service is delivering rental income of approximately £9.9m, which is shown below; split by common good and general fund across the 900 assets.

COMMON GOOD RENTAL INCOME

Property Type	Number of Property Type	Rental Income	Average Rental Income
Industrial Ground Leases - C.G.	80	£2,790,076	£34,876
Misc. Common Good	12	£115,742	£9,645
Farms - Common Good & Trusts	21	£58,785	£2,799
Misc. Ground Leases - C.G.	11	£28,077	£2,552

Garages - Sites	31	£3,525	£114
Total	155	£2,996,205	£19,330

GENERAL FUND RENTAL INCOME

Property Type	Number of Property Type	Rental Income	Average Rental Income
Premises (Industrial)	11	£1,001,774	£91,070
Social Work Acc. (including retained by SW)*(not accounted for as full commercial income)	14	£904,796	£64,628
Ground Lease (Commercial) Prop.	16	£360,668	£22,542
Public Houses	6	£121,779	£20,296
Ground Lease (Industrial) Prop.	69	£1,393,400	£20,194
Advance Factories	76	£1,252,200	£16,476
Offices	37	£500,062	£13,515
Premises Comm. & Misc.	17	£188,623	£11,095
Aerial Facilities	11	£97,498	£8,863
Shops	77	£664,510	£8,630
Golf Courses (2 GC and 3 Ground lease)	5	£35,804	£7,161
Shops - Ground Leases	18	£109,786	£6,099
Car Parks	15	£88,025	£5,868
Ad. Hoarding Sites	8	£38,650	£4,831
Staff Houses	38	£166,912	£4,392
Business Centre Units	27	£66,240	£2,453
Farms - Misc.	10	£22,661	£2,266
Lease to P.S. Partners	9	£11,170	£1,241
Fishings	2	£2,300	£1,150
Ground Lease (Misc.) Prop.	67	£41,432	£618
Depots	4	£1,601	£400
Wayleaves	115	£22,442	£195
Garages & Garage Sites	59	£6,016	£102
Elec. Sub. & Gas Gov.	15	£1,120	£75
Pigeon Lofts	14	£270	£19
Community Centres	26	£26	£1
Grand Total	766	£7,099,766	£9,269

Table 16 Income from Commercial Properties

The most significant rent is from the Industrial premises / advance factories and ground leases. However a number of property types by either functional or physical obsolescence add no social or economic benefit or represent opportunities for investment growth. This is likely to include; business centre (offices) depots, shops and part of the industrial units/ advance factories stock.

The analysis above demonstrates that the Council is driving a considerable income from the existing commercial portfolios, however the service as part of a public sector organisation lacks the flexibility to act quickly responding to market conditions and act on a purely commercial basis.

Therefore, the Council may wish to separate out the portfolio into those assets with some societal benefit e.g. the Community Centres, from those that are purely used as a commercial vehicle to generate income. Accompanied with proposals to revise delegated authority levels around value levels, lease lengths and ability to irritate which are being considered as part of the review of delegated powers. The service would then be able to make better and more agile decisions about acquisitions, disposal and the use of LABV's (Local Asset Backed Vehicle) to manage and increase performance.

For properties where there is societal value plans should be developed in line with the Community Empowerment act to consider opportunities to hand these to communities.

2.2.3 Strategic alignment to the new operating model

The Council portfolio is diverse and varies in age considerably. Whilst much of the operational estate, 94% is in good condition and 75% of it scores well for suitability, there are a number of properties that are no longer used as originally intended, and some properties may be near the end of their design life. The consequence is that a number of Council's properties require repairs and changes to make them fit for purpose, and they won't automatically be best configured to suit the ambitions of the new operating model.

2.3 Key Observations on the baseline and Service Performance

The key observations from reviewing the baseline and service performance:

- Significant strengths in the operational performance of many of the assets with 94% in good condition
- Considerable level of revenue generated from the commercial estate with some areas performing well
- Ground leases perform particularly well for the Council, being particular to the Aberdeen market.
- Property running costs are Council's third highest category of revenue spend, equating to £53.6m (FY16/17), with a capital value of approximately £1bn, and a backlog maintenance of £56.9m (18% of which is considered high priority). Financially, the Council's asset base is significant.
- Annual valuation of only approximately 514 assets in the commercial portfolio, which confirms that there may be a number of assets that are managed that hold limited commercial value.
- The Council are retaining assets that hold limited commercial value, or of limited operational suitability when there is a perceived societal benefit, and cannot make decisions purely on a commercial basis.
- Statutory maintenance requirements are met
- Reliable data is collected over a number of years and is being used to inform decisions about the future, however there is a weakness/ cost to collect around utilisation data which makes it more difficult to challenge the business need of the asset.
- Very diverse and significant number of assets, which could potentially lead to a dilution of expertise because teams are covering too broad a scope. This will be further exacerbated because the teams are running with a current vacancy level of 17%, which is having an impact on the ability to accelerate some of the opportunities outlined in this report.
- A significant proportion of property assets (and decisions) sitting with Education and Children's Services which currently have their own property team (to be re-aligned under TOM)
- Property costs account for a significant amount of non-pay revenue spend, and therefore a key area of contribution/opportunity to meeting the budget challenge.

- The operational portfolio varies in age considerably. Many properties are no longer used for their original purpose and some properties may be near the end of their design life. All these influences mean many of the Council's properties require repairs and changes to make them fit for purpose.
- Whilst the Corporate Landlord model was agreed the Council are in the process of moving to this model which sees Services as the tenant and the transfer of budgets.
- £58.7m backlog maintenance, which will increase in value and risk if the repairs and maintenance budget continues to be static, especially given the significant amount of backlog is associated with the School estate.
- 25% of properties score poorly for suitability, and 16% of properties are not accessible
- No long term strategic planning of asset requirements, largely due to the fragmented nature of the property services. This is seen in some of the vacant properties that are being held pending service decisions (being addressed through TOM).
- There is currently a lack of clarity on the service requirements following the adoption of the new operating model, which makes strategic planning of assets more challenging. The asset plan needs to follow the business plan, however the Property and Asset team should be working with services to influence their requirements and to challenge the business need (for and asset).

The next section of this business case explores the potential opportunities for improvement.

3 Opportunities for Improvement

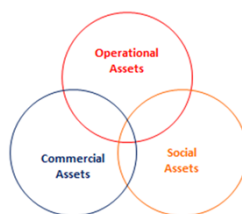
The future Council operating model is focused on commissioning services to improve outcomes for people and place, which necessitates working across organisational boundaries, consolidating service provision, and empowering communities to self-support.

The current estate is characterised by the needs of individual services and historic needs. It's operational asset-based is diverse and fragmented; many facilities are small scale, poorly utilised and there is a significant maintenance backlog. Asset consolidation could not only support new, more integrated front-line services, but also reduce maintenance liabilities, running costs and management costs.

At the same time, while the Council is generating commercial revenue from its non-operational assets, it is apparent that more could potentially be achieved if the team had greater leverage to prioritise investment and maximise return.

3.1 ADOPTING CORPORATE APPROACH TO PROPERTY MANAGEMENT

Property services have already set out their ambition in the Asset Management Framework, and recognise the need to support the future strategic direction. The introduction of a Corporate Landlord model will allow the requisite control over the estate to make all of the changes required. It will however also require a more aligned approach with ALEOS's who manage parts of the portfolio. The consolidating all property related functions across the organisation will in turn create the opportunity to review staffing and resource functions which should be considered as part of a full business case.



3.2 RATIONALISATION OF THE ESTATE

3.2.1 Office

The implementation of the new operating model will require and create the opportunity for officers to work more flexibly and perhaps be more mobile and less office based. This will enable the council to further extend the office rationalisation programme.

Office rationalisation has been progressed across the Council and many areas are already working to the government guide ratio of 7:10 (desk:people). A high level analysis shows that if the 7:10 ratio was achieved it could equate to the closure of Frederick Street in desk spaces. The ability to reach this ratio will be dependent on a range of factors including regulations.

Office	GIFA	NIFA	Desks	Staff	NIFA m ² per desk	GIFA m ² per desk	NIFA m ² per staff	GIFA m ² per staff	Desk: Staff Ratio
Marischal College	18,085	12,343	1,334	1,730	9.25	13.56	7.13	10.45	7:9
Frederick Street	2,809	1,544	156	170	9.89	18.01	9.08	16.53	7:7.6
Spring Garden	1,085	643	72	80	8.93	15.06	8.04	13.56	7:7.7
Town House(old)	3,825	1,595	105	98	15.19	36.43	16.28	39.03	7:6.5
Total (all floors)	25,804	16,124	1,667	2,078	10.82	20.76	10.13	19.89	7:8.7

Table 20 Main Offices

In addition, there are a collection of other offices that should be considered as part of office rationalisation, included in the table below:

OTHER OFFICES	RUNNING COSTS	GIFA	COSTS PER M ²
Kitty Brewster Depot	£652,164	1594	£409
Old Aberdeen House	£148,317	1715	£86
Part 2nd Floor (South) Woodhill House	£86,764	431	£201
New Town House Extension	£85,366	5740	£15
Braeside Nursery Infant School	£83,034	1909	£44
Mastrick Area Social Work Office	£61,130	511	£120
Tillydrone Housing Office	£55,971	600	£93
Mastrick Housing Office	£46,910	424	£111
Kincorth Area Office Social Work	£44,703	305	£147
St Nicholas Pupil Centre	£21,669	191	£113
Torry Social Services Deeside Family Centre	£19,291	179	£108
Office 3 Finnan Place Torry	£8,935	70	£128
4 Miltonfold Court	£8,409	184	£46
Kaim Court	£8,291	72	£115
Office 8 Back Hilton Road	£5,217	150	£35
Connections Women's Centre 82 Spring Garden	£3,974	237	£17
Harlaw Academy Playing Fields Lodge	£2,762	88	£31
Park Ranger Office Duthie Park	£1,229	72	£17
Suite 6A & 6B Archibald Simpson House King Street Business Centre	£1,102	295	£4
Flat 25 Provost Hogg Court	£0	44	£0
	£1,345,238	14811	£91

Table 21 Offices

Clearly there is potentially to make savings in running costs if further rationalisation was achieved whilst also creating **capital receipts from disposal, albeit this would require to be delivered over a period of time.**

3.2.2 Depots

Many other councils have already rationalised their depots and in some instances directed capital investment in the remaining depots to enable service improvements, and deliver potential **capital receipts from the disposal of surplus depots.**

There is a potential opportunity for the Council, who currently has 48 depots across the city, 12 of which are vacant. The current running costs for the depots is **approximately £800k and with a required maintenance value of £5m.**

Some of the depots stand out as having high running costs and also high required maintenance such as West Tullos Depot and also Kittybrewster, however these are the biggest depots that the council owns.

Through rationalisation of the depots running costs can be reduced. Fife Council have rationalised their depots and created a single site at Bankhead. Other models include partnering with firms such as Travis Perkins and use their infrastructure, this was a model used by South Lanarkshire Council. Whilst this might increase travel time for some mobile workers it will reduce the overheads, and it could be addressed through change in working practices. There may be other property types where rationalisation might be possible. These issues are being considered as part of the Total Facilities management Business case, but clearly have an assets interest.

3.3 RECONFIGURATION OF THE ESTATE

Place based reviews to Consolidate services into community campus/hub models

The Council already shares some facilities with other public sector organisations such as the Police. There is a growing need to collocate services to support the delivery of the LOIP (Local Outcome Improvement Plan), and one model that is being used effectively elsewhere in the UK is the development of Community Hubs. The community hub model combines community services such as libraries, customer services, housing and other partners which safeguard the sustainability of community services and can deliver significant revenue savings. Projects are currently being considered in Torry and Tillydrone around this model.

3.4 CHALLENGING THE BUSINESS NEED FOR THE ASSET

The analysis has highlighted that across certain property types there is opportunity to change the delivery model, which will require the cooperation of the service but will lead to the elimination of specific facilities. To do this effectively the service needs to collate utilisation data and look at alternative delivery models.

3.4.1 Community Asset Transfer

Some community assets are poorly utilised and have often been inherited by Councils organically over the years. Sometimes these assets are limited in their social value due to poor configuration and condition, poor utilisation, have high operating costs and low capital value. Social value could be maintained and enhanced by exploring alternative delivery models including community asset transfers.

3.4.2 Full portfolio review

Due to the nature of how assets have been historically held by service the strategic requirement may not have been fully challenged or considered on a cost/ benefit basis. It is recommended that this be advanced under the corporate landlord model. An example of the assets that could be challenged is included in 3.7.

3.4.3 School Estate Rationalisation

The school estate has seen significant investment in recent years in response to an aging estate, pressure of new developments and an increasing school role. A number of new capital projects have been completed or are underway including Lochside Academy, Brimmond School, Stonewood Primary and Orchard Brae.

Education properties make up around 55% of the council's portfolio (by floor area) and account for 71% of core property costs and 51% of backlog maintenance.

There is continuing pressure on the education estate due to increasing pupil numbers and a continued expansion of the city. The estate makes a significant contribution to core LOIP outcomes and in delivering the growth of the city. A review has been initiated but will require to be considered in relation to the TOM and the transformation programme. A wholesale review of the estate will be taken forward in early course. Base data will be presented on the estate and its link to curriculum delivery to a future committee, prior to a programme of consultation and dialogue over the role of the estate with stakeholders and service users during summer 2018.

3.5 ACCELERATE THE DISPOSAL OF SURPLUS ASSETS

37 assets are currently declared surplus (January 2018) of which 23 are being actively marketed or being prepared for market with 7 under offer and anticipated receipts in excess of £7 million. The other 7 are held strategically. There are a further 19 properties vacant and not yet declared surplus by the service. This has a running cost implications and an opportunity cost in capital receipts.

3.6 ADDITIONAL INCOME

As outlined previously in this report, the current portfolio is generating a considerable income and to increase this would require the service to have a greater degree of commercial flexibility. This will enable the service to more quickly dispose of low performing assets, to respond faster to the market during a transaction (there have been some examples of developers withdrawing from projects due to delays in the process), and invest in assets that are aligned to the wider Strategic aims (work on this is currently being taken forward by the Scottish Cities Alliance). Alternative management arrangements for assets that are not strategically aligned or profitable e.g. pigeon lofts, garages, should also be considered.

3.7 QUANTIFYING THE OPPORTUNITY

In summary the Council's move to the new operating model and strategic priorities, and the need to improve the existing estate, drive several types of recommendations including:

- 1. Accelerate the implementation of the decision to create a single corporate strategic function to manage all operational assets (as set out in the TOM);**
 - To enable a whole-Council view of asset needs, and support cross-Council working to design local services in conjunction with property needs;
 - To be able to make effective decisions to reconfigure the operational estate to reduce running and property management costs.
 - To have a significant influence over the prioritisation and direction of the capital programme

This will unlock the opportunities highlighted within this report and in the Asset Management Framework, namely:

- Rationalisation – e.g. further consolidation of the office estate, seeking to optimise agile working practices.
- Place based reviews to consolidate of Council services around community hubs, seeking to improve customer access whilst rationalising the estate.
- Challenge the business need for the asset

- Site disposals to generate capital receipts and/or release land for housing/other uses.
- Lease breaks / surrenders to reduce the rent and service charge budget.

2. **Development of greater commercial flexibility (speed of decision making) to manage the genuine commercial/investment portfolio**, separating out from low performing properties retained due to perceived societal value

- Site re-development to support regeneration, economic growth and income generation.
- Review of scheme of delegation.
- Disposals to raise capital receipts to reinvest
- Asset transfer to communities.

It is clear that by unlocking even a small percentage of the opportunities will lead to a reduction in the size of the estate could drive some significant savings:

POTENTIAL AREAS OF SAVINGS	EXAMPLES OF HOW THIS COULD BE ACHIEVED	18/19 POTENTIAL	POST 18/19
Office Rationalisation	<p>Review of office estate to look at:</p> <ul style="list-style-type: none"> • Moving council staff from Frederick street property and either disposing or identify a sharing model with partners. • Review requirement for Kittybrewster space and relocate all office staff to reduce revenue costs and long term rates (subject to demolition). • Review of Accommodation moves budget (1 year reduction pending future reviews). 	<p>£100k (half year)</p> <p>£100k</p>	<p>£200k</p> <p>£350k</p>
Depot Review	Review of Depot space for short term relocations and closure of smaller depots. Look to dispose or clear sites to avoid rates.	-	£100K
Place Based Reviews	Initial Review in Tillydrone and Torry – following redevelopment of community hubs etc.	-	£100k
Community Asset Transfer	<p>A number of Community Asset Transfer projects are under review and being advanced:</p> <p>Bon Accord Baths (utilities costs / no rates as listed)</p> <p>Seaton Huts and Depot (utilities/ rates and grant)</p> <p>TA Centre Peterculter (Minimal only circa £3k)</p>	<p>-</p> <p>£10K</p>	
Asset Challenge	<p>A number of assets have already been challenges and savings identified</p> <ul style="list-style-type: none"> • Tarves Road Potterton (lease expiry) - £51k • Town house - EFW rent (9 month only) - £15k • modular classroom removal - £100k <p>Properties that could be declared surplus</p> <ul style="list-style-type: none"> • Hazlewood School (£46k) • Woodlands School (£12k) • Cordyce School (£70k) • Bucksburn Primary (£50k) 	£166k	

	<ul style="list-style-type: none"> Public conveniences (Skene St/ Cults rates) £3k Unit 41 Howemoss Rd – Trading standards (£11k) 19/20. <p>*full year budgets/ subject to rates avoidance</p> <p>Properties that could form part of wider challenge (to be quantified – this is an indicative list only and requires further development)</p> <ul style="list-style-type: none"> Peterculter Depot (£18k) Rosehill House 4 Miltonfold Stoneywood (existing site) Balgownie 1 and existing AECC Jack's Brae Car Park Greenfern school site Froghall Community and learning Centre Mill of Mundurno yard (granite Store) Culter pop in Linksfield Day Care Centre 3 Finnan Place Carden School Cummings park Community Flat Beach Ballroom Marischal College (potential to share with partners) 	£181k*	£11k
Schools Estate	Saving will require to be considered in relation to a review of the wider estate.		
Accelerate Disposals	Assets held for sale are managed in a way to reduce the holding costs to the council. As assets are declared surplus the property revenue budget is transferred to asset management until a sale is concluded. The budget for this is currently £285k per annum and covers non domestic rates/ utilities and limited fit for purpose repairs. Reduction from Bon Accord indoor bowling/ vacant rates restructure and from disposals.	£80k	Subject to asset challenge.
Commercial portfolio Additional Income	Look to maximise revenue potential from TNRP portfolio (assume static position on income). If sales are advanced this is unlikely to have impact until 2018/19 but will reduce income. Initial reduction in leased in properties at George Street and Howemoss avenue(one year)	£100k	
	TOTAL	£737k	£766k plus

In summary, the opportunities explored above provide an illustration the potential, but is not exhaustive. However, to realise these opportunities changes the corporate Landlord model requires to be implemented to

provide the service with all of the requisite controls to make decisions that will allow the estate to be reconfigured, to challenge service use of assets, and to release the financial benefit.

4 Next Steps

4.1 OVERVIEW

The next steps for this project are for the key stakeholders to review the business case and if the direction of travel is agreed to undertake the following:

- Implement the Corporate Landlord model as envisaged by the Target Operating Model, including the potential to deliver the operational savings.
- Develop an implementation plan for the move to the Corporate Landlord model.
- Identify resource to deliver the existing Asset Management Framework and cost savings identified in 2018/19 and beyond.
- In parallel, advanced the projects which can be advanced now or fall within 'business as usual' such as:
 - Place based review of the estate,
 - Asset challenges
 - Community asset transfers
 - Acceleration of disposals including consideration of demolition requirements and funding thereof.
- Identify additional income opportunities, collection of usage data with a view to challenge the business needs and to start to reconfigure the estate. Review and assess the properties that would be part of a purely commercial portfolio and those that serve a social need. Take forward the revised use of delegated authority to provide greater commercial flexibility.
- Develop a future business case, including greater clarity of the potential benefits and the associated costs, risks and delivery plan for the commercial portfolio. This should be consistent and consider the works being advanced by Scottish Cities Alliance around the supply of business premises.

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COMMITTEE	Strategic Transformation Committee
DATE	9 February 2018
REPORT TITLE	Tier 2 – Chief Officer Recruitment Process
REPORT NUMBER	CG/18/021
DIRECTOR	Steven Whyte
REPORT AUTHOR	Morven Spalding

1. PURPOSE OF REPORT:-

- 1.1 This report outlines the proposed process for filling the Tier 2 Chief Officer posts established by Council on 11 December 2017 including the requirement to procure a recruitment partner to provide recruitment services as part of the recruitment and selection process.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:
- (a) note the proposed process for filling the Tier 2 Chief Officer posts established by Council on 11 December 2017.
 - (b) note the schedule of dates set out in the report.
 - (c) approve the procurement of a recruitment partner to provide recruitment services to support the recruitment and selection process by compliantly calling off from the ESPO Framework 3S Strategic HR Services and awarding to one of the providers on that Framework, Penna plc.
 - (d) approve the costs associated with the appointment of the recruitment partner and recruitment advertising campaign for Tier 2 as set out in section 4 of this report.
 - (e) note that the external recruitment process will not begin until the completion of the internal recruitment process

3. BACKGROUND/MAIN ISSUES

- 3.1 Council at its meeting on 11 December, as part of the report on the target Operating Model, approved the establishment of a new interim 2nd tier structure. This report sets out the process for filling the new Tier 2 Chief Officer posts. The process has three key stages – job matching, internal recruitment and external recruitment. These stages are detailed below.
- 3.2 In line with the Tier 1 Director appointment process, it is proposed to use an external recruitment partner to assist with Stage 2 and Stage 3 (if Stage 3 - external advertising is required).
- 3.3 It is proposed to engage Penna plc. as the Council's recruitment partner to support the recruitment and selection process for Tier 2. Penna plc. have developed an understanding and expertise of the Council's requirements, processes and executive search needs; and provided expert advice and support during the recruitment and selection process for Directors. This continuity will help to deliver a search and selection approach that will more effectively assist both Members and officers to achieve a successful outcome. It will also reduce duplication and cost associated with building relationships with a third party provider at a critical time in the restructure exercise.

Stage 1 – Job Matching Process

- 3.4 Stage 1 is the job matching stage where existing Heads of Service have had the opportunity to establish a claim on the Tier 2 roles in the new structure. This process was agreed with trades unions and was appended to the report to Council on 11 December 2017.
- 3.5 As provided for in the job matching process, any displaced Head of Service will be considered for any suitable redeployment opportunities. It is also open to displaced Heads of Service to apply for voluntary severance / early retirement.
- 3.6 Once job matching has been completed, Stage 2 – Internal Recruitment Process, can commence.

Stage 2 – Internal Recruitment Process

- 3.7 The minute of Council on 11 December 2017 required that an internal recruitment process be followed before undertaking an external recruitment process for any posts that then remain unfilled.
- 3.8 The Tier 2 posts which are currently outwith the job matching / redeployment process, were advertised internally from 16 January 2018 for a two-week period to allow employees of the Council the opportunity to apply and be considered for these roles.
- 3.9 For reasons of internal capacity, it is proposed to utilise Penna plc. to assist assessment centres and support to the Appointments Panels which are proposed for week commencing 5th and 12th February 2018.

- 3.10 It is proposed that a similarly robust recruitment and selection process be used as was used for the Director roles. Applications for each role will be presented to Appointments Panels convened to agree the shortlist for each role. Shortlisted candidates will progress to Assessment Centres and Appointments Panel Interviews. All shortlisted candidates will be required to complete psychometric tests prior to assessment centre. The psychometrics will be undertaken by Penna plc. using qualified occupational psychologists.
- 3.11 The Assessment Centres will be designed and delivered by Penna plc. and will comprise a number of elements designed to test candidates' skills, behaviours and abilities against the job profile for the roles. The elements are designed to demonstrate a candidate's competence and capability to be successful in the role against the Council's job profile and behaviours framework. The elements of the centre included are as follows:
- A technical interview, undertaken by the relevant Director / Technical Specialist and a Penna Consultant, to assess a candidate's ability to be the professional lead for a function/ service;
 - A written exercise that requires candidates to read and research a strategic issue, assimilate information and present conclusions and advice on the options available for consideration;
 - An interview with an Occupational Psychologist to discuss the results of the psychometric assessments. This will provide an indication of a candidate's typical responses when under pressure or in conflict, and their preferred leadership style.
 - A simulation exercise to test in practice how a candidate leads and manages a discussion about a performance related issue with an employee.
- 3.12 The final stage of the selection process will be a Selection Panel interview with the Appointments Panel who will ask a series of set questions to each candidate. Decisions will be made on the basis of interview performance together with outcomes of the assessment centre.
- 3.13 Following the Final Interviews and outcomes, preferred candidates will be notified. Following completion of pre-employment checks, contracts of employment will be issued.
- 3.14 Any posts which remain unfilled following this process will move to Stage 3 External Recruitment process.

Stage 3 – External Recruitment Process

- 3.15 At Stage 3, should this be required, the external recruitment process will follow the Council's agreed process for Chief Officer Appointments. The process for advertising the roles, as well as the selection process is set out below. It is proposed to utilise Penna plc. should this stage be required, to undertake the executive search element of the process and to work in partnership with the Council on these critical appointments.

Advertising Campaign

- 3.16 It is proposed that as these are key senior roles, they will need to be advertised widely to attract as wide a pool as possible of high calibre candidates who have the necessary combination of skills, knowledge, experience and behaviours as well as to recruit them all first time.
- 3.17 It is proposed to use a range of online and in-print media to advertise these roles to the widest possible audience. The roles will also be promoted extensively on social media.
- 3.18 In addition to advertising, Penna plc. will undertake a comprehensive targeted executive search, using their well-established networks throughout the UK to source candidates who meet the requirements for these roles.
- 3.19 The advertising microsite developed for the Director recruitment 'helpshapeaberdeen' will be refreshed and used to promote the opportunities and to provide information about:
- the Council, the Target Operating Model and the transformational journey we are on;
 - the roles including job profiles;
 - Aberdeen as a place to live and work;
 - how to apply and the selection process timeline.
- 3.20 The external recruitment and selection process will mirror that of the internal process outlined above.

Indicative Timeline for Internal and External Recruitment Process

- 3.21 A summary of the key stages is detailed below.

Stage 2: Internal Recruitment Process

Roles advertised internal only	17 January 2018
Closing Date	Monday 29 January 2018
Shortlisting	w/c 29 January 2018
Assessment Centres and Appointment Panel Interviews	w/c 5 and 12 February 2018

Stage 3: External Recruitment Process (if required)

Commence Advertising / Executive Search commences	19 February 2018
Closing Date	Friday 9 March 2018
Shortlisting	w/c 19 March 2018
Assessment Centres (to take place over 3 week period dependent on number of	w/c 26 March 2018, 2 April and 9 April 2018

applicants)	
Appointment Panel Interviews (to take place over 2 week period dependent on number of applicants)	w/c 16 April 2018 and w/c 23 April 2018

4. FINANCIAL IMPLICATIONS

- 4.1 There will be costs associated with the recruitment process. Detailed cost information cannot be determined until the number of posts to be advertised has been confirmed, but it is estimated to be a maximum of £200,000.
- 4.2 This will include the consultancy services of our Recruitment Partner, advertising costs and psychometric tests.
- 4.3 The full costs of the recruitment process will be met from the transformation fund.

5. LEGAL IMPLICATIONS

- 5.1 It is important that the job matching process for Tier 2 officers and further recruitment of any unfilled Tier 2 posts are completed in accordance with the Council's decision on 11 December 2017 and in terms of Standing Orders and the Scheme of Delegation as failure to do so could result in challenge that the Council has acted outwith its powers or claims of substantive or procedural unfairness including claims to the Employment Tribunal. The processes outlined above provide such compliance.
- 5.2 Market research was undertaken for the Director restructure in conjunction with the Commercial & Procurement Service and the recruitment services were procured by compliantly calling off from the ESPO Framework 3S Strategic HR Services and awarding to one of the providers on that Framework, Penna plc. The Framework states that contracting authorities can undertake a mini-competition of the suppliers who are on it or can make a direct award to one of the suppliers without re-opening competition. The Guidance on the Framework states that the latter can be done: - "If you decide that a single supplier can meet your requirements based on the pricing and/or other information provided in the User Guide simply place an order with that supplier."
- 5.3 The recruitment services will be procured by compliantly calling off from the ESPO Framework 3S Strategic HR Services.

6. MANAGEMENT OF RISK

6.1 Legal and Reputational

The decisions made as part of the job matching process for Tier 2 officers could result in appeals by the current Heads of Service. This risk is being

mitigated in terms of ensuring a fair and transparent process of job matching and providing appropriate and targeted support for Tier 2 officers who are subject to the matching process.

There is a risk that if the Council is unable to appoint to all the Chief Officer roles, progressing the development and execution of the Target Operating Model will be impacted. This risk is being mitigated in terms of the comprehensive recruitment process outlined in this report.

- 6.2 The other risk categories – financial, employee, customer / citizen, environmental and technological have been considered and no further risks have been identified.

7. IMPACT SECTION

People

- 7.1 Through the processes outlined in this report, the Council aims to ensure that people with the right skills, knowledge, experience and behaviours fill the new Tier 2 posts to ensure the successful delivery of the target operating model.
- 7.2 The categories of Place, Economy and Technology have been considered and the recommendations in this report have no impact on these categories.

8. BACKGROUND PAPERS

Report to Council, 11 December 2017 – Target Operating Model

9. APPENDICES (if applicable)

10. REPORT AUTHOR DETAILS

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COMMITTEE	Strategic Transformation Committee
DATE	9 th February 2018
REPORT TITLE	Migration to transitional Target Operating structure
REPORT NUMBER	CG/18/020
DIRECTOR	Steve Whyte
REPORT AUTHOR	Morven Spalding

1. PURPOSE OF REPORT:-

- 1.1 The purpose of this report is to provide the Strategic Transformation Committee with the opportunities for change that have been identified as part of the move to the transitional Target Operating Structure.
- 1.2 The report also provides information on the proposed reduction of posts that relate to this.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:
 - i. Notes the instruction given to the Chief Executive to develop the Council's organisational design within the Target Operating Model and submit recommendations for change, as necessary, to the Strategic Transformation Committee;
 - ii. Approves the proposed FTE post reduction in accordance with section three of this report;
 - iii. Agree the financial savings to be realised through the reduction of FTE posts from the establishment will be £10,378 million for 2018/19;
 - iv. Agrees that, if approved, the proposal is reflected in the 2018/19 revenue budget;
 - v. Instructs the Chief Officer Finance to ring fence £11.5m of reserves, including capital receipts, to fund VSER costs, as indicated in the Council Financial Performance – Quarter 3 2017/18 report to Finance, Policy and Resources Committee on 1st February 2018;
 - vi. Notes that £0.3m will be set aside from the existing corporate training budget to fund retraining and redeployment costs;

- vii. Instruct the Chief Executive to continue to offer VSER to employees, subject to the operational requirements of the Council and budgetary constraints.
- viii. Notes that there will be full consultation with Trades Unions in respect of the proposed FTE post reduction and that the Employee Change Journey booklet, shown in appendix 1, will be issued to all staff.

3. BACKGROUND/MAIN ISSUES

Background

- 3.1 In agreeing a new Target Operating Model (TOM) in August 2017, the Council considered a range of drivers causing change in the public sector. These included:-
 - changing customer demand;
 - the availability, flexibility; capability and cost of staffing;
 - legislation such as the Community Empowerment Act, and proposed education reforms;
 - enabling and disrupting digital technologies;
 - Customer demands for the need to improve and consolidate operational processes; and
 - the financial challenges faced by local government.
- 3.2 Following approval of the Target Operating Model in August 2017, the Council in December 2017 approved the transitional TOM structure and instructed the Chief Executive to develop further the Council's organisational design in line with the themes of early intervention; prevention; community empowerment and implementing the approved 'being digital' strategy.
- 3.3 Since then, a key focus has been on the alignment of services and staff posts to the agreed transitional TOM structure. All cost centres, services and staff posts have now been aligned to the appropriate part of the transitional TOM structure. Implementation and communication plans are being developed to migrate staff into the transitional TOM structure and adjust the relevant systems and processes.

Opportunities for Change

- 3.4 The Council is facing financial pressure over the coming years and staffing is one of the highest costs to the organisation. Accordingly, when implementing the transitional structure, opportunities to reduce service operating costs have been considered. It is also important that the transitional structure starts to move the organisation towards adhering to the approved design principles as part of the Target Operating Model.
- 3.5 Currently our organisational structure reflects the services and statutory duties we currently deliver. It is apparent that in bringing related activities together, it has exposed a level of duplication across the services. What is also apparent is the unstructured and complex hierarchical management structure across services, with at least five layers of management and more in some areas.

This is not consistent with the organisational and workforce design principles: *'Adaptive - the organisational design will be more flexible and less hierarchical thereby enabling resource to be moved to where it is needed'* and *'Empowered and Accountable - a model of management that shifts from supervision to empowerment of staff'*.

Opportunities have been identified to standardise and reduce management levels across services as the transitional structure is implemented.

- 3.6 As part of the alignment of services and posts to the transitional structure, an initial analysis of all clusters and service areas have been carried out to identify where there are opportunities for change. The output from this analysis was discussed with Heads of Services to ensure continuation of services as costs are reduced.
- 3.7 The opportunities for change are across many services within the clusters and were identified through:
- Identifying inefficient management spans of control;
 - Consolidation of teams leading to rationalisation as a result of duplication of activity;
 - Economies of scales where similar activity is being consolidated within a single team; and
 - New or amalgamated jobs resulting in a reduced need for the number of posts.

Reduction of Posts

- 3.8 Appropriate functional groupings, following the TOM design principles, eradication of duplication, consideration of span of control, as well as the introduction of digital processes, will inevitably lead to improvements in organisational efficiency which will reduce the resource required.
- 3.9 Migration to the transitional structure, and consideration of the opportunities for change, has identified a number of opportunities to reduce costs of service delivery. Further analysis of the opportunities is required; however at this stage the opportunities have identified a FTE post reduction up to 370 FTE posts. Included within this figure is the dis-establishment of 140 vacant posts.
- 3.10 The report is therefore asking for approval to reduce the number of FTE posts in the organisation by up to 370 across the functions as outlined below:

Function	Posts
Customer (including Business Support and ICT)	142
Commissioning	11
Resources	30
Operations	28
Place and Governance	19
Vacancies	140
Total	370

- 3.11 The posts detailed will be realised from a total population of 4,113 posts. This population number excludes teacher and social worker posts.
- 3.12 To support this work, analysis of the staff data, posts and cost centres was undertaken. All staff and post data has been sourced from the PSe system and all cost centre data sourced from the efinancials system. This has presented a much clearer understanding of the organisational structure, the relationships within it and the composition of our workforce, which in turn provides more robust data in the below categories to inform the migration to the transitional structure and to support the opportunities for change.

- Vacant budgeted FTE posts
- Agency usage
- Secondments and fixed term
- Higher Graded Duties
- Non supported VS/ER

The analysis of categories above will be used to reduce the impact on staff in post as post numbers are reduced.

HR Approach

- 3.13 As the Council migrates to the transitional structure and implement the opportunities for change, the above data will be analysed further and used to help realise the post reductions by firstly looking at the viability of:
- Disestablishing vacant posts where they have been vacant for a period of time;
 - Stopping the use of agency, where practical, and redistribute the work;
 - Stopping secondment and higher graded duty arrangements, where appropriate, and fill the post with displaced staff if the post is still required;
 - Review of fixed term contracts and, where possible, dis-establish, whereby the task justifying the fixed term is no longer required; and
 - Reconsideration of non-supported VS/ER applications and the potential use of bumped redundancy where appropriate.
- 3.14 If, after the above has been considered, the required reduction in posts has not been realised, the Council will use fair and appropriate processes of selection and/or matching, following consultation with Trades Unions in accordance with Council policy.
- 3.15 In the situation where an employee is displaced at this stage, it will be managed via redeployment processes. A number of potential redeployment options are outlined in the Employee Change Journey booklet attached in appendix one for information.

Communications and Engagement

- 3.16 It is recognised that change of this nature will cause uncertainty and anxiety in staff. In mitigation of this a comprehensive communication and engagement

plan is being developed to ensure staff and managers are kept informed and involved throughout the process.

- 3.17 Following the decision of committee, communication and engagement will increase at pace starting on the 12th February through a series of events with management, employee representatives and trades unions. Managers will also be provided with a briefing pack to outline their responsibilities throughout the transition process and to support them in cascading messages to their teams. They will also be kept informed and involved through the senior manager network.
- 3.18 Following the week of 12th February, the next phase of the Building the Council of the Future events programme will begin to ensure staff are aware of the approach and steps being taken through the transition period.
- 3.19 Complementing the events outlined above, communication channels will include, but will not be limited to:
- a website dedicated to Transformation;
 - a Transformation newsletter for those without ready access to computers;
 - an employee communication network with representatives from all services to ensure key messages are communicated direct to staff and provide a means of ensuring their views and feelings are taken into account; and
 - alternative methods by which employees can submit their questions, views and feedback.
- 3.20 Communication and consultation with Trades Union representatives will continue throughout the process in accordance with the Council's Consultation Protocol.
- 3.21 Information sharing and engagement with partner organisations and with customers will continue as necessary as part of the plans.

4. FINANCIAL IMPLICATIONS

- 4.1 The table below indicates the savings that will be realised through the reduction in posts from the establishment, both through the opportunities for change and the removal of vacancies. The calculations are based on an average salary as indicated in the table:

Description	FTE	Average £ per FTE £'000	Full Year £'000	Part Year Benefits Realised in 18/19 £'000
Opportunities for Change	230	35	8,050	5,478
Reduction of vacant posts	140	35	4,900	4,900
Total	370		12,950	10,378

- 4.2 To give appropriate time to implement the interim transitional structure, including the opportunities for change, the benefits realised in 2018/19 are part year savings, as shown in the table, because the full merge to the transitional structure will not be in place by the start of the next financial year.
- 4.3 Subject to operational requirements and budgetary constraints, the Council's VSER scheme has been and continues to be open to staff. It is essential that the case put forward to allow an employee to leave the organisation takes cognisance of both the cost and benefits arising, such that the longer term benefits outweigh the short term cost.
- 4.4 Based on 166 FTE, the average cost per FTE for the VSER cases agreed to date in 2017/18 is £49,900, Using this average cost, should the 230 Opportunities for Change posts referred to above translate to VSER, this would cost the Council £11.5m. It is recommended that monies be ring fenced from reserves, including capital receipts, to fund these costs.
- 4.5 Using the same basis as 4.4 above, the average saving per FTE in full year salary including on costs is £39,200. Whilst this is less than the average cost it is important to recognise that the benefit in terms of ongoing revenue savings is realised relatively quickly.
- 4.6 An assumed number of FTE and average saving per FTE has been used to arrive at the benefits which can be realised in 2018/19. Although the average saving per FTE post in 2017/18 is £39,200, a prudent approach has been taken in using an average salary saving of £35k, recognising the composition of posts and salary across the Council. It is important to be flexible, as migration to the transitional structure continues, such that the composition and level of FTE reduction may vary from that stated above whilst still achieving the same level of financial benefits.
- 4.7 Opportunities for Change encompass redeployment options which may require retraining to be undertaken. To facilitate this £0.3m will be set aside from the existing corporate training budget.

5. LEGAL IMPLICATIONS

- 5.1 In implementing the Target Operating Model the Council must continue to comply with its statutory obligations as a local authority employer and with relevant Council policies in respect of the changes impacting Council staff. If approved by Committee, the budgetary implications will be intimated to the London Stock Exchange.

6. MANAGEMENT OF RISK

- 6.1 The Corporate Risk Register includes risks in relation to Transformation.
- **Risk that Transformation does not deliver the required outcomes** - a long-term risk with the highest potential impact in terms of ability to deliver essential services, meet statutory obligations and deliver the budget

savings.

- **Risk that Business as Usual (BAU) activities are significantly compromised during the transition to the interim functional structure** - the risk reflects the transition to new structures and processes over the coming months and the potential impacts on core business. To mitigate this risk a robust governance structure has been implemented and during transition BAU performance will be monitored and reported into appropriate governance arrangements.

6.2 The corporate risks above include a significant impact on staff therefore an additional risk to the report is outlined below.

- **Employee** - in implementing organisational change such as the move to the transitional structure, there may be a risk of staff feeling unsettled. In mitigation of this all staff will continue to be included and engaged in the process, as outlined in the report.

The Corporate Risk Register is reviewed at each meeting of the Corporate Management Team (Stewardship).

7. IMPACT SECTION

7.1 The primary objective of the Target Operating model and the Transformation Portfolio is to ensure that Aberdeen City Council is fit for purpose to deliver its agreed priority outcomes for the city, its citizens and communities. These outcomes are expressed through the Local Outcome Improvement Plan and the Strategic Business Plan under the themes:-

- Economy
- People
- Place
- Technology

7.2 Impact on staff

The transitional Target Operating structure represents significant change from the existing model. As part of this transition all services and staff posts have been aligned to the transitional structure and staff will, of course, be interested in what the changes will mean for them individually in terms of their role, responsibilities and ways of working.

A reduction in posts across the organisation will have an impact on staff. Measures outlined in the report will reduce the potential impact, however if those measures are not successful in realising the reduction required, the approach outlined in the report and appendix to the report will be followed, enabling a voluntary approach to FTE post reduction.

An EHRIA has been completed and will be continually reviewed and updated as we implement the transitional structure.

Staff will be fully involved through the continuing development and implementation of the transitional structure. To support this, the

transformation governance structure includes a Communication and Engagement Board and a Communications Network.

8. BACKGROUND PAPERS

None

9. APPENDICES

Employee Change Journey booklet

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EMPLOYEE CHANGE JOURNEY

January 2018



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INTRODUCTION

Following the approval for the Target Operating Model by Council in August, which is designed to shape the future of the organisation and the workforce, the pace of change is gathering momentum.

The Council is committed to good employment practice and recognises the need to maintain a skilled and experienced workforce.

As the council implements the target operating model roles and responsibilities will change over time. This change is likely to impact on the type of roles and lead to a reduction in the future. Redeployment can help by retaining the skills and competencies of our employees, where skills are considered to be transferable.

This document outlines options which are available to employees through change.



EMPLOYEE CHANGE JOURNEY

As the Transformation Portfolio continues to develop, areas of the business will be reviewed to discover if:

- there are different delivery models for how we could provide services to the public



- there is the potential to remove manual processes and simplify how we do our business through the digital strategy



- there may be duplications of effort happening in services that we are now able to change through more joined up services and information



For the most part, this work will not begin until April 2018 when the new Directors are in place and are working alongside the Digital Partnership to set strategies and plans for the new functions.

If a service is under review for one or all of the reasons highlighted above, relevant staff will help to inform the new direction of travel by working with the Transformation Team to inform and design how we can improve and deliver services. This might take place through individual briefings, focus groups and/or larger scale briefings.

As part of the review and changes, there will be employees identified as “in-scope” and will experience some degree of change in regard to their work. This is now the start of the Employee Change Journey.

The change journey might entail providing services using different digital solutions, there might be a change to your line management structure and / or the team you work with or it may be identified that there are too many roles now needed to provide the improved service delivery model.

The extent of the change will vary from individual to individual and as such staff should ensure they are aware of all the options available and engage fully with the processes identified in the rest of this booklet.





VOLUNTARY SEVERANCE / EARLY RETIREMENT

If you have been with Aberdeen City Council for over two years, then potentially one of the options you may be considering is applying to leave through VS/ER.

Please look at these FAQ's which hopefully answer any queries you may have. If not, then please feel free to contact VSER@aberdeencity.gov.uk or call **01224 522430**.

WHAT IS THE DIFFERENCE BETWEEN 'VOLUNTARY SEVERANCE' AND 'EARLY RETIREMENT'?

VOLUNTARY SEVERANCE

Employees of the Council with at least two years' continuous service will receive a one-off lump sum of voluntary severance payment on termination of their employment.

VS will apply for employees who are under 50 or who joined the Local Government Pension Scheme after 2006 and are under 55.

EARLY RETIREMENT

Employees of the Council with at least two years' continuous service will receive a one-off lump sum of voluntary redundancy payment plus gain immediate access to their pension benefits on termination of their employment.

Early Retirement will apply at age 50 if an employee was in the Local Government Pension Scheme prior to 2006 and at age 55 if they were in the scheme after 2006. For those employees who have been members of the LGPS for less than 2 years they will receive a refund of pension contributions.

WHY IS THE COUNCIL INVITING EXPRESSIONS OF INTEREST IN VS/ER?

We want to improve on our customers' experience of the Council, staff experience and effective use of resources. In order to achieve this aim, especially when funding pressures are increasing, we need to change the way the Council works. Making changes will help us meet the growing needs of our residents and communities, and to secure an affordable and sustainable organisation for the future. Specific changes will be considered in more detail over the next three years but we know now that we are likely to need fewer employees. The Council's view is that considering 'expressions of interest' in VS/ER under the existing VS/ER policy is a fair way to proceed.



FUTURE ROLES

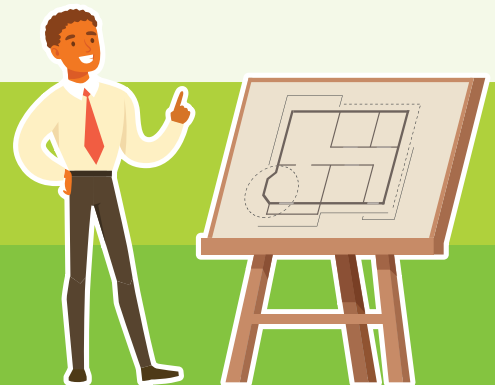
ARE YOU INTERESTED IN A DIFFERENT ROLE IN THE COUNCIL?

As we continue to transform the organisation, opportunities may arise where employees who are on redeployment could become a temporary resource where there is an unexpected demand for resources.



From our business intelligence, the main areas for which we may require staff in the future are:

- Early years practitioners
- Teachers
- Care Assistants
- HGV drivers
- Support workers (Adult Social Care)
- Care Managers
- Business intelligence
- Drivers
- Roads Operatives
- Environmental Operatives
- Technical Officer
- Recycling Officer
- Social Workers
- Joiner
- Labourer
- Painter
- Plasterer
- Programme Management
- Digital Delivery Manager (Agile PMs)
- User Researcher
- Content Designer (Web and Services)
- Digital Designer
- Digital Technology Developer
- Scrum Masters (agile delivery)
- Product Owners
- UX Designers
- Developer Software Engineers
- Operations Engineers
- Cloud Architects
- Integration Architects
- Security Architects
- Business Architects
- Data Scientists





GRADUATE LEVEL APPRENTICESHIPS:

Funding is available for Graduate Level Apprenticeships which gives individuals an opportunity to be in paid employment while gaining qualifications from Dip HE up to Master's level.

Universities and college will work with the Council as the employer to create a flexible learning timetable that meets the needs of the business and there is no maximum age limit on who can become a GLA so you can benefit from the employees additional skills and experience.

The courses that are available now are:

- IT Software Development at SCQF Level 10 (honours Degree Level)
- IT Management for Business at SCQF Level 10 (Honours Level)
- Civil Engineering at SCQF Level 8 (Dip HE Level)

For those starting in 2018, Graduate Level Apprentices learning costs will be funded for the full duration of the course. These courses will be utilised to build digital capability of the Council.





ARE YOU INTERESTED IN A NEW CAREER?

The following are career paths we could support through our re-training options

EARLY YEARS PRACTITIONERS

To work as an effective member of the nursery team delivering a flexible, high quality early learning and childcare service in order to meet the individual needs of children and their families.



What Qualifications do I need?

- You would need to obtain: a HNC Early Education and Childcare, or a S/NVQ Level 3 Children's Care and Development NNEB, or the equivalent
- You would then need to Register with or be eligible to register with the Scottish Social Services Council
- You would also need to undergo a PVG check for Regulated work with Children and/or Protected Adults or willingness to obtain prior to a formal offer of employment being made

How would I apply?

In order to ensure the best/most suitable employees undertake the EYP retraining course employees will be required to undergo the application process. The application process will include the following:

- Note of interest form
- Interview
- Written task

Further information:

Employees undertaking the course will be placed in an Aberdeen City Nursery. Aberdeen City Council will take full responsibility for arranging placements. During placements, employees will be assigned a mentor by Aberdeen City Council to support training and offer advice and guidance during the work placement. Aberdeen City Council will be responsible for arranging PVGs for employees and covering all associated costs.

It is anticipated that an employees' week will be split into 2 parts – 3 days of placements at a Nursery site and 2 days undertaking class room based training.





PRIMARY TEACHER – VIA THE DISTANCE LEARNING INITIAL TEACHER EDUCATION PROGRAMME (DLITE)

Working as an effective member of the school team delivering a flexible high quality education in order to meet the individual needs of children.

This is a part-time, distance learning, 18 month programme for individuals to achieve a Postgraduate Diploma in Education (Primary). Initially formed as a two year pilot programme; the success of this initiative has meant this now runs annually.



Upon successful completion of the course, students become probationer teachers within the local authority for one academic year. If they pass this probationary year they are guaranteed a permanent job as a teacher with Aberdeen City Council.

What qualifications do I need?

- Graduate degree with relevant experience working with young people (formally or informally)
- Higher English at Grade C or Above (or equivalent)
- Mathematics National 5 grade C or above; standard Grade 2 or above; Intermediate 2 at Grade C or above (or equivalent)
- Competent ICT skills for engaging in online distance learning
- Must meet relevant partnership local authority criteria

How do I apply:

- You can apply via an Application Form –to be submitted in August
- An Interview will take place – September/October
- Start Date if successful– Following January





SECONDARY TEACHER - DISTANCE LEARNING INITIAL TEACHER EDUCATION PROGRAMME (DLITE FOR SECONDARY TEACHING)

To work as an effective member of the school team, to deliver a flexible, high quality education in order to meet the individual needs of children.

Unlike the primary scheme there are not a definitive number of placements set per year, and this is a 24 month programme of study rather than 18 months long. At the moment, places for this are only available to people wanting to become secondary teachers in subjects such as Business Education, Computing, Mathematics, Home Economics, Physics, and Technical Education.



What Qualifications Do I Need?

- Graduate degree with relevant experience working with young people (formally or informally)
- Higher English at Grade C or above (or equivalent)
- Mathematics National 5 grade C or above; standard Grade 2 or above; Intermediate 2 at Grade C or above (or equivalent)
- Competent ICT skills for engaging in online distance learning
- Must meet relevant partnership local authority criteria

How do I apply?

- You can apply via an Application Form – August
- You will then take part in an Interview – September/October
- Start Date if successful – Following August

HGV DRIVER

Driving heavy goods vehicles in relation to environmental or roads work.

If you are successful in your application for the role and do not currently hold an HGV licence retraining will involve one weeks training and a test for class two (heavy vehicles) and class one (light vehicles).



What Qualifications Do I Need?

- Category C driving licence
- LGV Theory test
- Hazard Perception test
- Case Studies test
- Module 4 CPC test

How do I apply?

You can submit a note of interest form.





DO YOU HAVE SOMETHING YOU LOVE TO DO? TURN YOUR HOBBY INTO A BUSINESS

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As part of the support, the Council can offer employees support on the first steps of starting their own business and a career outwith the council.

Workshops will be established with key partners such as Business Gateway and the Princes Trust to support employees who wish to set up a business.

Support will be provided on how to establish a business and how to access sources of funding which may be available to assist with this process.

Business Gateway service will be key organisation in providing support.

Federation of Small Businesses. As a member of the federation they will provide 'intro to self-employment' sessions for employees.



WORK FOR OUR PARTNERS

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Support will be made available for employees who are interested in applying for roles that become available in partner organisations

A redeployment web portal has been built and will be migrated to Council IT Servers. The portal will be accessible to all employees who are on redeployment and partner organisations.

This portal will offer information on vacancies and the necessary qualifications for positions in various public sector partner organisation. As part of the redeployment process, support will be offered on developing CVs, interview practice and support with application forms.

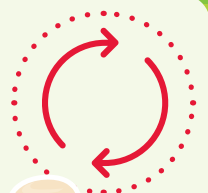


SUPPORT THROUGH CHANGE

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Support is available for employees going through change:

- Interview skills – a half day workshop giving guidance on filling out application forms, practice interview skills and how to be confident in interview situations
- CV workshop – a half day workshop which will help redeployees by providing guidance on creating and updating their CV
- Being adaptive – a half day workshop providing support to employees to explore and understand the change within the Council and the normal human reactions to change
- Pit stops on communication and engagement – the pit stops focussing on supporting employees in their communication and supporting employee engagement





FIXED TERM EMPLOYMENT

Those employees who are going through the redeployment process may also be considered for fixed term and permanent roles which are available.

The option remains to redeploy a permanent employee into a vacant fixed term post in the current situation, which is likely to be more prevalent as the number of permanent redeployment opportunities available have reduced. The permanent employee would remain a permanent employee with full employment rights (but being in a fixed term post) as a result of their continuous service.

At the end of the fixed term the employee would have the right to redeployment again based on their service. This would continue in relation to each fixed term post they were redeployed into thereafter. The right to redeployment would therefore be retained.

Should the employee remain in the same fixed term post, or for any reason the same substantive position continues past 4 years, the contract will no longer be deemed fixed and they will be classed as a permanent employee.





TAKE ADVANTAGE OF FLEXIBLE WORKING ARRANGEMENTS

There are a number of flexible working options i.e. term time, annualised hours, flexible retirement which will be available to employee.

The Council recognises the difficulties that individuals may have in balancing their working life with their out of work commitments and is therefore committed to developing policies to support the principle of work life balance and to provide a working environment which values and nurtures a diverse workforce.



There are a number of options which could be utilised regarding flexible working options. These can be found at: http://thezone/AskHR/YourEmployment/working_hours/EMP_flexible_working_scheme.asp

PENSIONS IMPLICATIONS

When considering the above it is important to consider any potential pension implications for employees as a result of any change in their hours. If the employee is reducing their hours then the only change is that the pension accrued going forwards from the change will be lower than it would have been because the pensionable pay is lower. Everything accrued to that point would remain the same and, if the employee has final salary benefits, the FTE pay will still be the same for the final salary part.

If their hourly rate is reducing or they are losing allowances then the pension accrued going forwards will be lower due to the lower pay going into the pension account but there could also be an effect on their final salary benefits if they were a member before 01/04/2015. The FTE pay would also be reduced which would make the final salary part of the pension lower than it would have been before.

Pensions would always use the best of the last 3 years rule for the final salary benefit so if they left/retired within 2 years of the change a higher pay would be available to use. If they leave between 2 & 3 years after the change then there would be part higher pay to use but the closer they get to 3 years the lower the chance that a previous year will work out higher. After 3 years there will definitely not be any previous year to fall back on.

If a certificate of protection is applicable then other protections will be in place for a period of time.

For more information on anything within set out in this guide and if you are interested in applying for any of the redeployment re-training options please contact the Workforce Change Team:

redeployment@aberdeencity.gov.uk

or call **01224 522430**



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