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To: Councillor Lumsden, Convener; Councillor Graham, Vice Convener; and Councillors Boulton, Donnelly, Flynn, Laing, Catriona Mackenzie, Nicoll and Yuill.

Town House,
ABERDEEN 31 January 2019

CITY GROWTH AND RESOURCES COMMITTEE

The Members of the **CITY GROWTH AND RESOURCES COMMITTEE** are requested to meet in **Committee Room 2 - Town House** on **THURSDAY, 7 FEBRUARY 2019 at 2.00 pm.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

DETERMINATION OF URGENT BUSINESS

1.1 Determination of Urgent Business

DETERMINATION OF EXEMPT BUSINESS

2.1 Determination of Exempt Business

DECLARATIONS OF INTEREST

3.1 Declarations of Interest (Pages 5 - 6)

REQUESTS FOR DEPUTATION

4.1 Requests for Deputation

There are no requests for deputation at this time.

MINUTE OF PREVIOUS MEETING

- 5.1 Minute of Previous Meeting of 27 November 2018 - For Approval (Pages 7 - 18)

COMMITTEE PLANNER

- 6.1 Committee Planner (Pages 19 - 36)

NOTICES OF MOTION

- 7.1 Notice of Motion by Councillor Delaney - Sheltered Housing Stair Lifts

1. Notes with concern that the lift at one of our sheltered blocks broke down at the end of 2018 and took five days to repair meaning that some residents were unable to access or leave their homes over a five day period; and
2. Instructs the Chief Officer - Corporate Landlord to report to the first available meeting of the City Growth and Resources Committee outlining the costs of procuring and fitting stair lifts to all Council owned sheltered housing which has upper floors in the interests of the dignity of residents, public safety and amenity.

REFERRALS FROM COUNCIL, COMMITTEE AND SUB COMMITTEES

- 8.1 Referrals from Council, Committees or Sub Committees

There are no referrals at this time.

FINANCE, PERFORMANCE, RISK AND SERVICE WIDE ISSUES

- 9.1 Council Financial Performance, Quarter 3, 2018/19 - RES/19/002 (Pages 37 - 84)

- 9.2 Strategic Infrastructure Priorities and the Scottish Local Government Pension Scheme - RES/19/188 (Pages 85 - 90)

GENERAL BUSINESS

- 10.1 Staff Travel Policy - RES/18/150 (Pages 91 - 114)

- 10.2 World Energy Cities Partnership AGM, Presidency and Travel - PLA/19/178 (Pages 115 - 132)

10.3 Torry Cruyff Court - COM/19/174 (Pages 133 - 138)

Please note that there is an appendix contained within the Exempt/Confidential Business section of this agenda.

10.4 Strategic Buy Back Policy - RES/19/173 (Pages 139 - 146)

Please note that there is an appendix contained within the Exempt/Confidential Business section of this agenda.

EXEMPT / CONFIDENTIAL BUSINESS

11.1 Torry Cruyff Court - Exempt Appendix (Pages 147 - 184)

11.2 Strategic Buy Back Policy - Exempt Appendix (Pages 185 - 186)

11.3 Proposal to In-Source the Horizons Service Management and Admin Functions to Aberdeen City Council - HSCP/18/125 (Pages 187 - 194)

11.4 Subsidence in Flats on Erroll Place and Erroll Street - RES/19/154 (Pages 195 - 228)

11.5 Community Asset Transfer - Woodside Burgh Hall - RES/19/177 (Pages 229 - 248)

11.6 Sale of Site, Howes Road - RES/19/175 (Pages 249 - 254)

11.7 Purchase of Site for School, Milltimber - RES/19/011 (Pages 255 - 260)

11.8 Aberdeen Harbour Board - Option to Purchase or Lease, Nigg Bay - RES/19/176 (Pages 261 - 270)

EHRIsAs related to reports on this agenda can be viewed [here](#)

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DECLARATIONS OF INTEREST

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

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

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

OR

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

OR

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

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

OR

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

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval

- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority.... and I will therefore withdraw from the meeting room during any discussion and voting on that item.

CITY GROWTH AND RESOURCES COMMITTEE

ABERDEEN, 27 November 2018. Minute of Meeting of the CITY GROWTH AND RESOURCES COMMITTEE. Present:- Councillor Lumsden, Convener; Councillor Graham, Vice-Convener; and Councillors Donnelly, the Depute Provost, Boulton, Flynn, Laing, Catriona Mackenzie, Nicoll, Townson (as substitute for Councillor Flynn for articles 13 and 14 only) and Yuill.

The agenda and reports associated with this minute can be found at:-
<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=618&MId=6189>

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

DETERMINATION OF URGENT BUSINESS

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

- Item 9.3 - Credit Rating Annual Review.

The Committee resolved:-
to concur with the Convener.

DECLARATIONS OF INTEREST

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

- (1) the Convener, the Vice Convener, Councillor Laing, Councillor Boulton and Councillor Flynn declared an interest in item 10.5 (External Transportation Links to Aberdeen South Harbour Pre-Appraisal and STAG Part 1 Study) by virtue of them being Council appointed members and/or substitute members of the Aberdeen City Region Deal Joint Committee. It was noted that the Standards Commission provided dispensation for elected members and substitute elected members, as voting members of the City Region Deal Joint Committee, and as such, they do not have to remove themselves from the debate and any voting when discussions on the City Region Deal, its projects and funding, and/or recommendations from the City Region Deal Joint Committee comes before them at relevant Council meetings. The aforementioned elected members and substitute elected members (*the Vice Convener and Councillor Flynn were substitute members*) remained in the meeting for consideration of the item;
- (2) Councillor Laing declared an interest in item 9.2 (Corporate Debt Recovery and Service Income Policies) by virtue of her being a Council appointed Board

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member of Aberdeen Inspired. She considered the nature of her interest did not require her to leave the meeting and therefore chose to remain in the meeting for consideration of this item; and

- (3) Councillor Flynn declared an interest in item 10.1 (Economic Policy Panel Annual Report 2018) by virtue of him being a Board member of Business Gateway. He considered the nature of his interest did not require him to leave the meeting and therefore chose to remain in the meeting for consideration of this item.

MINUTE OF PREVIOUS MEETING OF 18 SEPTEMBER 2018 AND MINUTE OF SPECIAL MEETING OF 31 OCTOBER 2018 - FOR APPROVAL

3. The Committee had before it the minute of its previous meeting of 18 September 2018 and Special Meeting of 31 October 2018.

The Committee resolved:-

- (i) to approve the minute of meeting of 18 September 2018, subject to amending article 7 (VisitAberdeenshire Destination Aberdeen & Aberdeenshire Tourism Strategy 2018 – 2023), resolution (ii) to read “that officers circulate meaningful data to members of benchmark information against KPIs including current meaningful data against future statistics so that impact could be measured”; and
- (ii) to approve the minute of meeting of 31 October 2018.

COMMITTEE PLANNER

4. The Committee had before it the Committee Business Planner as prepared by the Chief Officer – Governance.

The Committee resolved:-

- (i) to remove from the Planner (1) item 14 (A96 Collective Travel Study) as there were no decisions to be taken, therefore a Service Update would be circulated to members instead; (2) item 22 (Option for the Old AECC) as officers were to circulate a Private Briefing note to members prior to the meeting in November; and (3) item 58 (Policy that Specifies the Existing Granite Sett and Lock Block Streets - NOM Former Cllr Corall) as a report had been considered by the Operational Delivery Committee on 6 November 2018;
- (ii) to note the verbal updates provided by officers in relation to item 5 (Energy Plan for Aberdeen), item 7 (Creation of a Living Wall), item 18 (Capacities of Junctions Associated with the AWPR/B-T), item 19 (City Centre Masterplan Project EN10: Union Terrace Gardens) and item 21 (Balnagask Motte Regeneration);
- (iii) to note that a Service Update would instead be provided in relation to item 38 (Aberdeen Art Gallery - Visitor and Economic Impacts);
- (iv) to note the reasons contained in the Planner for the reporting delays in relation to item 4 (City Events 2019/20), item 5 (Energy Plan for Aberdeen), item 7 (Creation

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- of a Living Wall), item 16 (External Funding Plan), item 18 (Capacities of Junctions Associated with the AWPR/B-T - NOM Cllr Boulton), item 19 (City Centre Masterplan Project EN10: Union Terrace Gardens - Outline Design, Business Case, Development Costs and Procurement Strategy), item 20 (Staff Travel Policy), item 21 (Balnagask Motte Regeneration) and item 23 (Disposal of the former Cordyce School site); and
- (v) to agree to receive verbal updates in relation to item 22 (Option for the Old AECC) and item 23 (Disposal of the former Cordyce School site) under exempt business later in today's meeting.

CLUSTER RISK REGISTERS - GOV/18/058

5. The Committee had before it a report by the Chief Officer – Governance, the Chief Officer – Strategic Place Planning, the Chief Officer – City Growth and the Chief Officer – Finance which presented the Cluster Risk Registers in accordance with the Risk Management Framework and Committee Terms of Reference.

The report recommended:-

that the Committee note the Cluster Risk Registers presented and the actions identified to control the risks contained therein.

The Committee resolved:-

to approve the recommendation.

CORPORATE DEBT RECOVERY AND SERVICE INCOME POLICIES - RES/18/259

6. The Committee had before it a report by the Director of Resources which sought approval of the Corporate Debt Recovery Policy that clarified the approach to overall debt management in the Council and the Service Income Policy that covered statutory and discretionary income (fees and charges) received for goods and services provided by the Council.

The report recommended:-

that the Committee –

- (a) approve the Corporate Debt Recovery Policy in Appendix 1 to this report;
- (b) approve the Service Income Policy in Appendix 2 to this report; and
- (c) approve that the policies be implemented from 1st January 2019.

The Committee resolved:-

- (i) to approve the recommendations;
- (ii) that officers circulate further details regarding the Scottish Choices initiative in relation to the effective education of customers in terms of Universal Credit;

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- (iii) that officers circulate a briefing note in terms of staff pay dates being brought forward in 2018 (and the situation in 2019) including the possible impact this would have in relation to Universal Credit; and
- (iv) that officers were to investigate whether the appropriate right of appeal information (including suitable timeframes) was issued to people in relation to bus lane charge notices and that confirmation be circulated to members of the Committee in this regard.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency to ensure that the outcome of the credit rating annual review would be made available to the committee as soon as possible following publication.

CREDIT RATING ANNUAL REVIEW - RES/18/303

7. With reference to article 14 of the minute of meeting of the Finance, Policy and Resources Committee of 1 December 2017, the Committee had before it a report by the Director of Resources which provided an overview of the recent credit rating annual review and report on the outcome of the review.

The report recommended:-

that the Committee note the outcome of the annual review was affirmation of the Aa3 rating with a stable outlook.

The Committee resolved:-

to approve the recommendation.

ECONOMIC POLICY PANEL ANNUAL REPORT 2018 - PLA/18/265

8. With reference to article 22 of the minute of meeting of the Council of 15 March 2017, the Committee had before it a report by the Chief Officer – City Growth which provided information on the publication and main findings of the first annual report by the Economic Policy Panel, an independent panel formed to advise on the city region's economic performance.

The report recommended:-

that the Committee –

- (a) note the policy panel's first annual report;

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- (b) instruct the Chief Officer - City Growth, following consultation with the Panel, to undertake a review of the first annual report with a view to identifying scope for the future development of the report;
- (c) note the recommendations of the policy panel and to approve the officers proposed response to each recommendation in 3.7;
- (d) instruct the Chief Officer - City Growth, following consultation with the other Panel members, to recruit a new member immediately; and
- (e) instruct the Chief Executive to explore how Scottish local government pension funds could invest locally, with specific reference to the strategic infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and City Centre Masterplan.

The Chief Officer – City Growth sought approval to amend recommendation (c) above to read as follows:-

- (c) note the recommendations of the policy panel as detailed in Appendix 1 of the report and to approve the officers proposed response to each.

The Committee resolved:-

to approve the amendment to recommendation (c).

The Convener, seconded by the Vice Convener moved:-

that the Committee:-

- (a) note the policy panel's first annual report and agree to the Council holding an economic policy conference each year in November;
- (b) instruct the Chief Officer - City Growth, following consultation with the Panel, to undertake a review of the first annual report with a view to identifying scope for the future development of the report;
- (c) note the recommendations of the policy panel in appendix 1 and to approve the officers proposed response to recommendations, with a Service Update being provided by the Chief Officer - City Growth, by the 25th April 2019 to members of the City Growth and Resources Committee noting progress on each recommendation;
- (d) instruct the Chief Officer - City Growth, following consultation with the other Panel members, to recruit a new member immediately;
- (e) instruct the Chief Executive to explore how Scottish local government pension funds could invest locally, with specific reference to the strategic infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and City Centre Masterplan with the Chief Officer - Finance providing a report on this matter to the 7th February 2019 City Growth and Resources Committee;
- (f) to instruct the Chief Executive to forward the Economic Panel's first annual report to the Secretary of State for Scotland, The First Minister, The Cabinet Secretary for Finance, Economy and Fair Work, to the Leaders of all other political parties at the Scottish Parliament and MP's

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- and MSP's who represent Aberdeen and the North East Region at the UK and Scottish Parliaments; and
- (g) to instruct the Chief Executive to forward the report to the President and Resources Spokesperson of the Convention of Scottish Local Authorities.

Councillor Nicoll, seconded by Councillor Mackenzie moved as an amendment:-
that the Committee –

- (a) note the policy panel's first annual report;
- (b) instruct the Chief Officer – City Growth following consultation with the panel to undertake a review of the first annual report with a view to identifying scope for the future development of the report and bring a report back for approval by the City Growth and Resources Committee at its meeting on 7 February 2019;
- (c) note the recommendations detailed in the appendix and the responses of officers detailed in 3.7 of the report, with a report being provided by the Chief Officer – City Growth to the 25th April 2019 meeting of the City Growth and Resources Committee, noting progress on each recommendation. Expresses concern that many of the panel recommendations are already points which have been actioned by Aberdeen City Council or partner organisations and, in respect of recommendation 18, instructs the Chief Executive to write to the UK Government, as immigration is a reserved matter, expressing our view that the flow of key skills to the North East must not be impacted by Brexit;
- (d) note with concern that the City Growth and Resources Committee was not informed of the resignation of a panel member during 2018. Instructs the Chief Officer – City Growth, to commence an advertising and recruitment process to recruit a new panel member as soon as practically possible;
- (e) instruct the Chief Executive to explore how Scottish local government pension funds could invest locally, with specific reference to the strategic infrastructure priorities identified in the regional economic strategy, city region deal and city centre masterplan and that the Chief Officer - Finance bring a report back to the City Growth and Resources Committee on 7 February 2019;
- (f) to instruct the Chief Executive to forward the Economic Panel's first annual report to the Secretary of State for Scotland, The First Minister, The Cabinet Secretary for Finance, Economy and Fair Work, to the Leaders of all other political parties at the Scottish Parliament and MP's and MSP's who represent Aberdeen and the North East Region at the UK and Scottish Parliaments; and
- (g) to instruct the Chief Executive to forward the report to the President and Resources Spokesperson of the Convention of Scottish Local Authorities.

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On a division, there voted:- for the motion (5) – the Convener, the Vice Convener and Councillors Boulton, Donnelly and Laing; for the amendment (4) – Councillors Flynn, Catriona Mackenzie, Nicoll and Yuill.

The Committee resolved:-

- (i) to adopt the motion; and
- (ii) that officers provide all elected members with a copy of future Economic Policy Panel's annual reports (by way of email) on the day that they are published.

FAIRTRADE UPDATE AND RESOLUTION - PLA/18/241

9. The Committee had before it a report by the Chief Officer – Strategic Place Planning which provided information on the review of the Council's progress against the Fairtrade Resolution 2017 and sought approval to support the renewal of Aberdeen's Fairtrade City status in collaboration with the Aberdeen Fairtrade Steering Group.

The report recommended:-

that the Committee –

- (a) note Aberdeen City Council's on-contract spend on fair trade produce;
- (b) note the actions completed by Aberdeen City Council to support the Fairtrade Resolution;
- (c) approve the updated Fairtrade Resolution 2018 (Appendix 1 of the report); and
- (d) approve Aberdeen City Council's support for and input to the renewal application for Fairtrade City Status.

The Committee resolved:-

to approve the recommendations.

MUSEUMS AND GALLERY: COLLECTIONS DEVELOPMENT POLICY - PLA/18/255

10. With reference to article 13 of the minute of meeting of the Education, Culture and Sport Committee of 31 January 2013, the Committee had before it a report by the Chief Officer – City Growth which sought approval of the reviewed Policy for Collections Development relating to the activities of the Art Gallery and Museums in line with requirements for Museum Accreditation.

The report recommended:-

that the Committee approve the adoption of the updated policy and associated appendices to ensure the council complies with Museum Accreditation requirements (Collections Development Policy 2018-2023; Appendices A-I inclusive).

The Committee resolved:-

to approve the recommendation.

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CLIMATE CHANGE REPORT 2017/2018 - PLA/18/274

11. With reference to article 21 of the minute of meeting of the Finance, Policy and Resources Committee of 20 September 2017, the Committee had before it a report by the Chief Officer – Strategic Place Planning which sought approval of the mandatory Climate Change Report submission to the Scottish Government to ensure compliance with the requirements of Part 4 of the Climate Change (Scotland) Act 2009. The report was due for submission by 30 November 2018 covering the financial year 2017/18.

The report recommended:-

that the Committee –

- (a) approve the submission of the Climate Change Report, as set out within the appendices, to the Scottish Government; and
- (b) to request that the Chief Executive signs off the submission.

The Committee resolved:-

to approve the recommendations.

DECLARATION OF INTEREST

Councillor Nicoll declared an interest in the following item of business by virtue of his position as a council appointed member of North East of Scotland Transportation Partnership Board (NESTRANS). The Vice Convener and Councillor Yuill also declared their interest as council appointed substitute members of NESTRANS. All three Councillors considered that the nature of their interest did not require them to leave the meeting during consideration of the item.

EXTERNAL TRANSPORTATION LINKS TO ABERDEEN SOUTH HARBOUR PRE-APPRAISAL AND STAG PART 1 STUDY - PLA/18/261

12. With reference to article 32 of the minute of meeting of the Communities, Housing and Infrastructure Committee of 29 August 2017, the Committee had before it a report by the Chief Officer – Strategic Place Planning which (1) outlined the outcomes of the External Transportation Links to the Aberdeen South Harbour Scottish Transport Appraisal Guidance (STAG) Pre-Appraisal and STAG Part 1 Appraisal report; and (2) sought approval for recommended options to be taken forward to a STAG Part 2 Appraisal.

The report recommended:-

that the Committee –

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- (a) approve the recommended options resulting from the External Transportation Links to the Aberdeen South Harbour Scottish Transport Appraisal Guidance (STAG) Pre-Appraisal and STAG Part 1 Appraisal Report, as detailed in the table at Section 3.9, subject to approval by the UK Government and Scottish Government; and
- (b) instruct the Chief Officer – Strategic Place Planning to conduct a STAG Part 2 Appraisal on those options and to report the outcomes to this Committee upon completion, conduct of that Appraisal being subject to prior approval by the Strategic Commissioning Committee of the total estimated expenditure in relation to that Appraisal,

The Convener, seconded by the Vice Convener moved:-

that the Committee –

- (a) approve the recommendations; and
- (b) recognises the community concerns in relation to some options but appreciate that the recommended options must be subject to an evidence-based appraisal to minimise the risk of a successful challenge to the option ultimately selected.

Councillor Nicoll, seconded by Councillor Mackenzie moved as an amendment:-

that the Committee –

- (a) approve the recommended options resulting from the External Transportation Links to the Aberdeen Harbour Scottish Transport Appraisal Guidance (STAG) Pre-Appraisal and STAG Part 1 Appraisal Report, as detailed in the table at section 3.9 of the committee report, with the exception of options A2 and A5, which the committee agree to reject, subject to the approval by the UK Government and the Scottish Government; and
- (b) instruct the Chief Officer – Strategic Place Planning to conduct a STAG Part 2 Appraisal on the remaining options; A3, A4, B1, B2, C1 and C3 respectively and to report the outcomes to this Committee upon completion of that Appraisal.

On a division, there voted:- for the motion (5) – the Convener, the Vice Convener and Councillors Boulton, Donnelly and Laing; for the amendment (4) – Councillors Flynn, Catriona Mackenzie, Nicoll and Yuill.

The Committee resolved:-

to adopt the motion.

At this juncture, Councillor Townson substituted for Councillor Flynn.

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TRAINING AND EMPLOYABILITY SUPPORT SERVICES - PLA/18/257

13. With reference to article 15 of the minute of meeting of the City Growth and Resources Committee of 19 June 2018, the Committee had before it a report by the Chief Officer – City Growth which (1) provided information on the findings of an investigation into the feasibility of running regular neighbourhood career and employability support sessions in the regeneration areas as part of the European Structural Fund projects; and (2) sought to encourage project participation through enhanced communications.

The report recommended:-

that the Committee –

- (a) note the findings of the feasibility study and Seaton pilot project, and instruct the Chief Officer - City Growth, to continue to work with partners to develop employability sessions in the city's other regeneration areas; and
- (b) note the project communications plan (Appendix 1 of the report) and instruct the Chief Officer - City Growth, to work with the Communication and Marketing Manager to further develop with partners and roll-out the activity detailed.

The Committee resolved:-

to approve the recommendations.

EXTENDING EMPLOYABILITY PROVISION - PLA/18/263

14. With reference to article 15 of the minute of meeting of the City Growth and Resources Committee of 19 June 2018, the Committee had before it a report by the Chief Officer – City Growth which provided information on the proposed extension to the Progress Through Positive Partnerships programme until December 2022.

The report recommended:-

that the Committee note that the Council intends entering into a further European Social Fund grant agreement with the Scottish Government to ensure continued delivery of the Progress through Positive Partnerships programme until December 2022.

The Committee resolved:-

to approve the recommendation.

In accordance with the decision recorded under article 4(v) of this minute, the following item of business was considered with the press and public excluded in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to avoid disclosure of information of the classes described in paragraphs 6 and 9 of Schedule 7(A) to the Act.

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At this juncture, Councillor Flynn replaced Councillor Townson for the following item.

COMMITTEE PLANNER

15. The Committee received an update from the Director of Resources in relation to the Disposal of Former Cordyce School Site and Option for the old Aberdeen Exhibition and Conference Centre Site.

The Committee resolved:-

to note the information provided.

- **COUNCILLOR DOUGLAS LUMSDEN, Convener.**

CITY GROWTH AND RESOURCES COMMITTEE
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	A	B	C	D	E	F	G	H	I
1	CITY GROWTH AND RESOURCES COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
3			07 February 2019						
4	Aberdeen City Region Hydrogen Strategy	Communities, Housing and Infrastructure on 16/1/18 instructed a review of all Council policies within fleet, transport, energy, economic and environment to support the adoption of hydrogen.		Andrew Win	City Growth	Place	2.2	D	The review of Council policy is still being undertaken and officers expect this to be completed and presented to the April committee.
5	Council Financial Performance, Quarter 3, 2018/19	To present the Council's financial position for the quarter.		Lesley Fullerton	Finance	Resources	1.3		
6	Developer Obligation Review - Community Asset Plans	Communities, Housing and Infrastructure on 8/11/17 - The Committee instructed the interim Head of Planning and Sustainable Development to prepare Community Asset Plans on a secondary school catchment basis and to return to committee at the next available opportunity to seek approval(s) of these plans.	A Service Update was circulated on 30 January 2019	David Dunne	Strategic Place Planning	Place	2.2	D	A Development Obligations Team Leader took up post on 28 January 2019. A service update will be circulated and a report on Community Asset Plans will be provided September 2019.
7	Visit Aberdeenshire Update - Negotiated Contract	Finance, Policy and Resources Committee - 01/02/18 - The Committee agreed to note that details of the negotiated contract would be reported back to the Committee.		Richard Sweetnam	City Growth	Place	2.2	R	Recommend removal from Planner as this is to be considered as part of the 2019/20 budget setting process.
8	Update on Recruitment of Developer Obligations Officer	City Growth and Resources Committee on 24/04/2018 agreed to instruct the Interim Chief Officer - Strategic Place Planning to report back to Committee in 9 months to report on recruitment and operation of the Developer Obligation Service.	A Service Update was circulated on 30 January 2019	Gale Beattie/David Dunne	Strategic Place Planning	Place	1.2	R	The DO officer will not take up post until 28 January 2019. A Service Update will be circulated as there are no decisions to be taken by Committee.

	A	B	C	D	E	F	G	H	I
	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
2									
9	Aberdeen Adapts: Climate Adaptation Strategy	To approve a draft climate adaptation strategy for the city, for public consultation. The strategy supports the management of climate risks and opportunities for Aberdeen.	Delayed until April meeting.	Alison Leslie	Strategic Place Planning	Place	2.2	D	To ensure the recently released UK climate projections (UKCP18) and any implications of the Climate Change (Emissions Reduction Targets) (Scotland) Bill are reflected and incorporated into the report.
10	A90 Murcar North Cycleway	To seek approval from members to construct cycleway between A90 Ellon Road (Murcar roundabout) and Blackdog		Claire Royce	Operations and Protective Services	Operations	2.2	D	This has been delayed due to confirming land ownership and will be reported in September 2019 and is fully funded by AWPR NMU mitigation monies.
11	Reserves Strategy	Council on 6/3/18 agreed to instruct the Chief Officer – Finance to report back to the City Growth and Resources Committee before December 2018 on a detailed reserves strategy.		Sandra Buthlay	Finance	Resources		R	Recommend removal from Planner as this is to be considered as part of the 2019/20 budget setting process.

	A	B	C	D	E	F	G	H	I
	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
2									
22	Subsidence in flats on Erroll Place and Erroll Street	The purpose of this report is to: (a) make members aware of the ongoing situation regarding subsidence which is affecting 52 flatted properties in Erroll Place and Erroll Street; (b) outline the four options considered in terms of dealing with the subsidence; and (c) recommend the most economically viable option to elected members.	A report was also considered by the Capital Programme Committee on 23 January 2019.	Ian Perry	Corporate Landlord	Resources	Purpose 4 & Remit 1.2, 1.3 and 3.1		
23	Proposal to In-Source the Horizons Service Management and Admin Functions to Aberdeen City Council	To explain the background to this intended course of action and seek agreement to re-establish these posts back within Aberdeen City Council		Jason Nicol	Aberdeen City Health and Social Care Partnership		1.2		
24	Community Asset Transfer - Woodside Burgh Hall	Outcome of the Community Asset Transfer request for Woodside Burgh Hall.		Cate Armstrong	Corporate Landlord	Resources	3.3		
25	Aberdeen Harbour Board – Option to Purchase or Lease, Nigg Bay	Seeking approval for the proposal to enter into a option agreement with Aberdeen Harbour Board for the potential sale of ground.		Debbie Wylie	Corporate Landlord	Resources	3.3		
26	Sale of site, Howes Road	Seeking approval for the sale of a site at Howes Road to NHS Grampian for the development of a new Health Centre.		Neil Strachan	Corporate Landlord	Resources	3.3		
27	Strategic Buy Back Policy	Council on 6/3/18 agreed to instruct the Director of Resources to report back to the relevant future committee with a business case for the acquisition of ex-Council properties in buildings where the Council is the majority owner and the income stream generated would cover the cost of acquisition as well as any other properties that were previously Council owned.		Kenny Paterson	Corporate Landlord	Resources	Purpose 5, Remit 3.1 & 3.3		
28	Torry Cruyff Court	to report on investment proposals and to seek approval for the use of resources for their implementation	A report was also considered by the Capital Programme Committee on 23 January 2019.	Jade Leyden	Early Intervention and Community Empowerment	Customer	1.2 & 1.3		

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2									
	Creation of a Living Wall	Council on 5/3/18 agreed (1) to instructs the Interim Director of Communities, Housing and Infrastructure (or equivalent) to bring forward a business case to a future meeting of the Communities, Housing and Infrastructure Committee (or equivalent), based on the viability of locating City Tree(s), or other solutions, in key locations in the city where immediate improvements in air quality are deemed necessary; and (2) to instruct the Director of Resources to investigate the opportunity to create a "living wall" on the St Nicholas Centre elevation of Flourmill Lane. Working with relevant partners to identify costs to create, deliver and maintain a living wall, funding streams available, consents from building owners, the health and other benefits of a living wall and to report back to the appropriate committee.		Stephen Booth	Corporate Landlord	Resources	Council Decision	R	Recommend removal from Planner as this is to be considered as part of the 2019/20 budget setting process.
29									
30			25 April 2019						
31	Council Financial Performance, Quarter 4, 2018/19	To present the Council's financial position for the quarter.		Lesley Fullerton	Finance	Resources	1.3		
32	Annual Committee Effectiveness Report	To present the annual effectiveness report for the Committee.		Mark Masson	Governance	Governance	GD 7.4		
33	Aberdeen Cross City Transport Connections STAG Part 2 Study	This report will advise Members of the outcomes of the Scottish Transport Appraisal Guidance (STAG) Part 2 Appraisal that have been submitted by Peter Brett Associates consultants for Aberdeen Cross City Transport Connections.		Nathan Thangaraj	Strategic Place Planning	Place	2.3		
34	Granite City Growing – Aberdeen Growing Food Together	To advise committee about the requirement to have and implement a Food Growing Strategy under the requirements of the Community Empowerment (Scotland) Act 2015.		Sandy Gustar	Strategic Place Planning	Place	2.2		
35	Consultative Draft Sustainable Urban Mobility Plan (SUMP)	To advise Members of progress to date on developing a SUMP for Aberdeen and gain approval for a draft SUMP to be published for public and stakeholder consultation.		Will Hekelaar	Strategic Place Planning	Place	Purpose 5 and Remit 2.2		
36	Bridge of Dee West – Walking/Cycling Improvements	Approval to begin detailed design		Kevin Pert	Strategic Place Planning	Place	2.2		

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2									
37	External Funding Plan	To seek approval of the external funding plan; to note the success of the funding team for 17/18 and to note the implications of Brexit on future funding opportunities	This report was originally due at the November 2018 meeting, however CMT agreed that it would be prudent to wait to reflect LOIP changes, strategic commissioning plans and the Council's budget prior to submitting a report to Committee.	Susan Fraser	City Growth	Place	Purpose 1		
38	Aberdeen Adapts: Climate Adaptation Strategy	To approve a draft climate adaptation strategy for the city, for public consultation. The strategy supports the management of climate risks and opportunities for Aberdeen.	This report was originally due in February 2019 and was delayed to allow time for staff training on the recently released UK climate projections (UKCP18) and to ensure this information was then accurately reflected and incorporated into the report.	Alison Leslie	Strategic Place Planning	Place	2.2		
39	Roads Hierarchy	Communities, Housing and Infrastructure 29/08/17 - The Committee requested that officers report back with the next level of detail as described in para 3.6 the first half of 2018, and consider the responses to the recent Strategic Car Parking Review as well as the objectives of the new Quality Partnership.	This was transferred from the Operational Delivery Committee Planner in January 2019 as a result of the Terms of Reference..	Will Hekelaar	Strategic Place Planning		Purpose 5 and Remit 2.2		
40	Christmas Village 2018 Feedback	City Growth and Resources Committee on 18 September 2018 agreed to seek annual feedback in the form of a committee report from Aberdeen Inspired annually in line with the Funding and Service Provision Agreement from August 2016-January 2019		Richard Sweetnam	City Growth	Place	2.3 & 3.2		
41	Impact Assessment of the Council's Workforce in terms of the UK leaving the EU.	the Council on 17 December 2018 agreed to instruct the Director of Resources to report to the first appropriate meeting of the City Growth and Resources Committee with an impact assessment on the Council's workforce in terms of the UK leaving the EU.		Kirsten Foley	People & Organisation	Resources			

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2									
50			06 June 2019						
51	Aberdeen City Local Housing Strategy 2018 - 2023	City Growth and Resources Committee of 18 September 2018 agreed to instruct Chief Officer - Strategic Place Planning to produce an annual update report on progress for each of the strategic outcomes to allow progress to be monitored and evaluated and to report back to City Growth & Resources Committee in June each year.		Mel Booth	Strategic Place Planning	Place	Purpose 4 & 5		
52	Smart City Action Plan	The purpose of this report is to seek approval from the Committee for the implementation of the Smart City Action Plan	Further work is being undertaken on the alignment to the Council's Digital Transformation programme, current Smart Cities projects and the City Region Deal Digital programme. Officers will update the City Region Deal Joint Committee at their meeting in May 2019 and a report will be submitted to CG&R Committee in June 2019.	Wendy Robertson	City Growth	Place	2.2		
53			31 July 2019 (Special)						
54	Council Financial Performance, Quarter 1, 2019/20	To present the Council's financial position for the quarter.		Lesley Fullerton	Finance	Resources	1.3		
55			26 September 2019						
56	Following the Public Pound	To present the reviewed following the public pound policy.		Sandra Buthlay	Resources	Finance	1.3.7		

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2									
57	Community Food Growing Spaces	The Capital Programme Committee (12 September 2018) agreed to instruct the Chief Officer Strategic Place Planning to investigate external funding opportunities to extend the Community Food-growing Programme into a self-funded model and to report this to a future meeting of the City Growth and Resources Committee in a years' time.		Sandy Gustar	Strategic Place Planning	Place	2.2		
58	Developer Obligation Review - Community Asset Plans	Communities, Housing and Infrastructure on 8/11/17 - The Committee instructed the interim Head of Planning and Sustainable Development to prepare Community Asset Plans on a secondary school catchment basis and to return to committee at the next available opportunity to seek approval(s) of these plans.	A service update was circulated on 30 January 2019 and a report will be presented to the Committee in September 2019, thereafter service updates will be provided on a bi-annual basis during the development of community asset plans.	David Dunne	Strategic Place Planning	Place	2.2		
59	A90 Murcar North Cycleway	To seek approval from members to construct cycleway between A90 Ellon Road (Murcar roundabout) and Blackdog	This was originally due to be reported at the meeting in February 2019. This has been delayed due to confirming land ownership and will be reported in September 2019. This is fully funded by AWPR NMU mitigation monies.	Claire Royce	Operations and Protective Services	Operations	2.2		
60			30 October 2019 (Special)						
61	Council Financial Performance, Quarter 2, 2019/20	To present the Council's financial position for the quarter.		Lesley Fullerton	Finance	Resources	1.3		
62			26 November 2019						
63	No reports added at present								
64			DATE TBC						

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2									
68	UNESCO Creative Cities Designation - City of Crafts and Folk Art	The City Growth and Resources Committee on 18 September 2018 agreed to instruct the Chief Officer - City Growth to proceed with developing a bid proposal for an application for the City of Crafts and Folk Art designation and to report back to Committee with full costings for a submitted bid.		Mark Bremner	City Growth	Place	2.2	T	To be transferred to the Council Business Planner for the March 2019 meeting as it also requires a decision to establish an UNESCO Advisory Group and this Committee does not have that power in terms of standing order 46.12.
69	Building Performance Policy	CH&I Committee 2017 agreed to instruct officers within Communities, Housing and Infrastructure to undertake scrutiny of policy compliance and report back to committee with an annual review and progress report in 12 months, envisaged to be May 2018.	Delayed from September 2018 Meeting as this policy could only be applied to projects at concept stage, projects have not advanced enough to assess the policy's effectiveness. Work is ongoing with services to assess any changes which may be required to the policy. A service update was circulated on 30 August 2018.	David Dunne	Strategic Place Planning	Place			
70	Energy Plan for Aberdeen	CH&I Committee on 16 January 2018 agreed to instruct the Interim Director of Communities, Housing and Infrastructure to report back to CH&I Committee when the energy plan is complete.	The report was initially on the Planner for the November 2018 meeting. The Energy Plan will be developed in the context of other ongoing energy projects. A report will be submitted after April 2019	Mai Muhammad	Strategic Place Planning	Place	Purpose 6 and Committee Decision		

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2									
71	City Centre Masterplan Project EN10: Union Terrace Gardens - Outline Design, Business Case, Development Costs and Procurement Strategy	Council on 15/3/17 agreed to instruct the Head of Economic Development to submit a report to the first available FP&R Committee with recommendations on the preferred contractor from the procurement exercise and the final costs of the scheme. At its meeting of 20 Sept 2017, the FP&R Committee agreed to transfer this item to the Council Business Statement.	Following a request from a bidder, officers required to extend the tender period to allow the bidders to finalise their responses. This meant that the final costs and preferred contractor won't be known until mid-October 2018. At the meeting in November 2018 the Committee noted that Officers were continuing to assess the outcome of the procurement process and a report would be submitted to a future meeting of Full Council/Committee.	Andrew Win	City Growth	City Growth	Council Decision	R	Recommend removal from Planner as this is to be considered as part of the 2019/20 budget setting process.
72			AD HOC REPORTS (CYCLE DEPENDENT ON REQUIREMENT TO REPORT)						
73	Unit 24 Howemoss Drive, Kirkhill Industrial Estate Dyce	Proposed purchase of Industrial Investment property by City Council		Stephen Booth	Corporate Landlord	Resources	3.3		
74	Willowbank House (Aberdeen Business Centre) - Option Appraisal and Future Use	Willowbank House (Aberdeen Business Centre) is a City Council-owned investment property, under the management of the Head of Land & Property Assets. The report discusses its present condition, its market appeal, and sets out various options for the future of this property asset.		Stephen Booth	Corporate Landlord	Resources	3.3		
75	All of the below have been recommended/agreed to be reported by means of a Service Update report, and should any decisions on any of the below be required then a report would be added to the planner and submitted to Committee at the appropriate time.								

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2									
79	Aberdeen Art Gallery - Visitor and Economic Impacts	To update members on the programming schedule for the new Art Gallery and the economic benefits of the new Gallery refurbishment and to ensure links to other complementary developments in the city centre	The Committee at their meeting on 27 November 2018 agreed to receive a Service Update instead of a report as there were no decisions to be made.	Christine Rew	City Growth	Place	1.3.6	R	A Service Update was circulated on 29 January 2019.

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	7 February 2019
REPORT TITLE	Council Financial Performance – Quarter 3, 2018/19
REPORT NUMBER	RES/19/002
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	1.3

1. PURPOSE OF REPORT

1.1 To provide the financial position of the Council, as at Quarter 3 (December 2018) and the full year forecast position for the financial year 2018/19, including:

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

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee note the: -

- a) Progress made to date to achieve budgeted savings;
- b) General Fund and HRA financial performance to the end of Quarter 3 as detailed in Appendix 1;
- c) Common Good financial performance to the end of Quarter 3 as detailed in Appendix 3;
- d) General Fund forecast revenue and capital positions as detailed in Appendix 2;
- e) HRA forecast revenue and capital positions as detailed in Appendix 2;
- f) Common Good forecast position as detailed in Appendix 2; and
- g) Group Entities forecast revenue position as detailed in Appendix 4.

2.2 To note the information provided by the Chief Officer – Finance in the report that the Council has continued to reduce expenditure in line with the Committee instruction however new and continuing pressures in key areas (such as the increased pay award offered in December 2018; and needs associated with looked after children) are not likely to be fully offset by the year end. This means that there is a forecast deficit on the General Fund for the year;

- 2.3 To agree that the Council continue to minimise expenditure in the remaining weeks of the year to offset the cost pressures in the system; and
- 2.4 To note that if the final outturn exceeds budget for the year that this is met from the Council's uncommitted balances.

3. BACKGROUND

- 3.1 This report focuses on both the financial performance for the year to 31 December 2018 and the forecast financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.2 The performance for the year to date has so far been a positive one with net expenditure largely in line with budget for this stage of the year.
- 3.3 Savings realisation and tracking at the nine month point indicates that progress has continued, but has become more difficult due to the various changes to spending patterns that have taken place in the quarter, the reduction particularly in goods and services has not specifically been applied to the original target reductions.

Description	Target Reduction	Achieved Reduction at end of Quarter 3
Posts reduction	370 fte; with a value of £10.4m	330 fte*; with a value of £10.0m
Assets	£0.7m	£0.6m
Commissioning and procurement	£6.8m	£3.3m*
Income	£0.2m	£0.0m
Total	£18.1m	£13.9m

*figure to be updated

- 3.4 A significant proportion of the posts reduction savings have been achieved through the voluntary severance / early retirement scheme. The costs associated with the scheme continue to be a pressure against the Council Balance Sheet, legitimately using one-off funding for recurring revenue benefit. The one-off nature of Balance Sheet resources makes the continuation of posts reduction through this means unsustainable and this should be reviewed. Other means of managing and planning the workforce size and shape have therefore been required and it has been a feature of the management of staff that turnover and vacancies are fundamental to that approach.
- 3.5 Notwithstanding this positive start to the year, there were cost and demand pressure areas highlighted in Quarters 1 and 2 reporting that at the end of Quarter 3 continue to be challenging to manage in-year, and therefore there is a similarity in many of the notes provided on variances in the appendices to those reported at the last quarter. These are described in more detail in Appendix 2.

- 3.6 The forecasts are built upon a range of assumptions, estimates and judgements. Unprecedented in recent years has been the failure for the national pay bargaining to reach agreement and the consequence of this is that the Council remain unclear what the final pay bill for the year is going to be.
- 3.7 The budget was set for this financial year was based on lifting the pay cap as described by the Cabinet Secretary for Finance and the Constitution in December 2017. Since then offers made by the Employer side has increased the exposure of the Council to a new level, most recently at the end of Quarter 3 when a revised offer was made of, in general terms, lifting salaries by 3.5% with effect from 1 April 2018; with a multi-year component being added that offered a further 3% from 1 April 2019 and a further 3% from 1 April 2020. While there are caps on the offer for 2018/19 and a revised offer to teachers that attracts some Scottish Government Funding, there is no agreement yet and unions are divided in the advice being offered to members, some recommending acceptance, other rejection. Ballots and consultation with members of the various Trade Unions will continue until the end of February so agreement would appear to be unlikely until March 2019 at the earliest.
- 3.8 The estimated cost impact, above the Council approved budget is now approximately £2.1m for 2018/19.
- 3.9 An increasingly protracted period to resolve this part of the budget leaves the Council trying to manage one of the largest annual cost pressures it faces towards the end of the financial year, uncertain of what the outcome will be.
- 3.10 The full year impact of an additional 1% increase in any pay award settlement would cost the Council approximately £3.2m and with EIS expectations of a 10% increase for teachers this would represent a 6% increase on current forecasts. If based on equity this was applied to all staff categories, then the impact on the Council would be c.£18m of additional cost.
- 3.11 The fact is that the Council is no clearer on the outcome than it was when reporting the quarter one position in early summer. As part of national pay bargaining, the Council will honour the terms of the final agreement reached and will ensure staff are remunerated accordingly. However, the question remains in terms of how, within the remaining couple of months of the financial year, can the Council finance an unknown liability without turning to reserves.
- 3.12 There are also unquantified and hugely uncertain liabilities that may yet arise for which the Council will have to account. These are referred in the appendices as contingent liabilities. Examples include emerging issues such as the Scottish Child Abuse Inquiry, which has a number of strands that could impact on the Council. The recommendations that the financial redress scheme for Survivors of Child Abuse in Care being put in place by the Scottish Government will be funded by those responsible. The implication being that Councils will have to fund a proportion of this scheme, while no details exist of how this will be applied it provides further reason to be taking

action to prepare and also to recognise that the use of reserves is a highly likely position at the year end.

- 3.13 If the above actions are agreed then there is scope to further reduce expenditure, the extent is difficult to quantify accurately as expenditure in these areas has already been reduced, is expected to reduce and therefore the underlying costs that could be saved may be lower than. There is also limited time to change and have an impact on 2018/19.
- 3.14 The result, of the combined effect of positive progress around agreed savings, the identified cost pressure areas and underlying uncertainties and risks, is that the overall operational conditions are pressuring the Council and while action has been taken and continues to be actively managed, there is a very high likelihood that the Council will spend more than it had budgeted to.
- 3.15 The Council must continue to do everything it can to reduce General Fund expenditure or raise General Fund income to place the Council in the best position it can; and to expect that the Council uncommitted balances will be required to meet a shortfall in funding in 2018/19.
- 3.16 The Council has taken a prudent view of the financial position that is forecast across all functions and also taken advantage of a number of mechanisms available to arrive at the outturn position, including a review of the profile of capital financing costs, ongoing support to debt repayment through the Capital Fund and an optimistic view that the Council will not have to draw any further funding from the Corporate Contingency.
- 3.17 Following the COSLA Leaders meeting on Friday 25 January 2019 a revised offer to teachers was made (with additional funding committed by the Scottish Government). It had been expected to be supported by the teaching unions, however the recommendation to the membership is to reject the revised offer. This makes the level of uncertainty and timing of resolution particularly challenging to be certain of where the actual outturn will land. A range has therefore been provided in section 3.23 below. The impact of drawing from uncommitted balances of the Council has to be considered in the context of setting the 2019/20 budget, as depending on the value there may be a need to replenish them during that year.
- 3.18 Therefore the unintended consequence of this further delay and level of uncertainty is that it has a material impact on the budget planning for next year. While the Council has been working on a range of scenarios for next year, the position described in the Budget Report from March 2018 is expected to be out of date. That report described a £31m gap to be addressed.
- 3.19 Taking account of savings and the likely cost pressures described in the appendices to this report and the current understanding of Finance Circular 8/2018, issued by the Scottish Government in December 2018, this will increase the gap. It remains unclear how much by, but it is again forecast to be within a range.

- 3.20 Based on information known, but not yet confirmed there are additional costs around pay – knock on effect of a much higher offer for 2018/19 and an increased offer in comparison to the assumption used for 2019/20. There is lower Scottish Government funding for core services, according to the Finance Circular Health and Social Care Funding must be handed to the Integration Joint Board, limiting how much is available for other General Fund services. These assumptions move the budget gap to be in the range of between £40m and £50m for 2019/20, which the Council will have to address.
- 3.21 The budget papers for 2019/20 will be prepared and published later in February, ahead of the special budget meeting on 5 March 2019.
- 3.22 The recommendation excludes capital investment in the capital programme and expenditure on the Housing Revenue Account, which is expected to continue in line with its business plan. Clearly, the decision to stop spending needs to take cognisance of impact on our vulnerable communities as well as policy and legislative obligations.
- 3.23 The forecast, contained in Appendix 2, is for reasons of presentation quantified as a specific value, an over spend of £2.7m, and does not reflect the range of scenarios that could be achieved if the individual elements that make up the current forecast prove to be different. I have taken a prudent view of what may be possible overall to address the pressure areas described in the budget, resulting in what I believe is an extremely challenging sum to be addressed before the end of the year, without some fundamental changes in the organisation and its service standards. With the action being taken to reduce expenditure, it is reasonable to estimate that the current forecast sits within a range:

Assumption	Impact
Improve income and collection levels and expenditure levels lower than currently forecast.	Potential surplus achieved at year end.
Actual spending and income in line with forecasts, estimates and judgements at Quarter 3. (Appendix 2)	Forecast of £2.7m over budget.
Additional cost pressures from, for example a severe winter, a higher pay award and additional demand pressures.	10% pay award for teachers would lead to a potential deficit of £9m at year end.

- 3.24 Summary of Appendices
- a) The financial statements contained within Appendix 1 reflect the income and expenditure for the period to December 2018 and reflect some of the statutory accounting adjustments required to ensure compliance with International Financial Reporting Standards (IFRS). These adjustments are described in the Appendix.

- b) The Balance Sheet figures at 31 December 2018 reflect the actual position at the balance sheet date where appropriate. The figures shown include statutory adjustments where these have been made, and where this is not possible the figure as at 31 March 2018 has been used. Reserves have been updated to reflect the impact of the performance to date such that Usable Reserves have increased during the period. Due to the timing of the receipt of income from the Scottish Government and Non-Domestic Rates payers there is currently a significant net income position shown at 31 December 2018.
- c) Appendix 2 provides an overview of the forecast outturns for revenue and capital across the General Fund, Housing Revenue Account and Common Good. The uncertainty in relation to the General Fund is identified in the preceding paragraphs of the report and the Appendix presents the forecast based on a set of assumptions, estimates and judgements, which would result in an over spend, recognising that the overspend may sit within a range. The forecasts for Capital, the Housing Revenue Account and Common Good are all within budget.
- d) Appendix 3 presents the Common Good position as at 31 December 2018 and provides an overview that shows income exceeding expenditure for the period and therefore an increase in the value of the Common Good.
- e) Appendix 4 presents the Group Entities forecast for the year and indicates that there are no material areas of concern in relation to these entities for 2018/19.

4. FINANCIAL IMPLICATIONS

- 4.1 The financial performance of the Council's main accounts, General Fund, Housing Revenue Account and Common Good are presented in the Appendices.
- 4.2 Appendix 1 also includes a Management Commentary providing:
- Further information on the Performance in Quarter 3; and
 - Information on the 2018/19 Forecast Financial Position, and this is expanded on in Appendix 2.
- 4.3 The audited accounts for 2017/18 demonstrated the Council's ability to effectively and actively manage its financial position. The Balance Sheet as at 31 March 2018 reflected substantial net worth in the organisation and a strong financial platform from which to operate in 2018/19 and to plan for the future.
- 4.4 The budget set for 2018/19 recognised that this would be another financially challenging year and that strong fiscal management coupled with financial restraint would be required to ensure that the budget was achieved, and that this would continue to underpin the Balance Sheet for future financial years.

- 4.5 The financial constraint described in the report is necessary based on the continuing value of forecasts at Quarter 3 and due to the level of uncertainty in significant cost areas, described in section 3 and Appendix 2.
- 4.6 The Council continues to tackle increased demand and active management of elements of the budget that remain uncertain, and this requires continuous close fiscal management. Close monitoring, changes to working arrangements – moving to capital instead of revenue activities, limiting external recruitment, limiting and changing the arrangements for ordering and authorising goods and services purchased are continuing to be in place for 2018/19, commencing after the instruction from the Committee on 31 October 2018.
- 4.7 The impact of expenditure exceeding budget on the General Fund at the year-end would be a draw from the General Fund balance that the Council keeps as part of its risk-based Reserves Policy. Depending on the value if this arose then the Council will have to consider replenishing monies used in the budget for 2019/20.
- 4.8 The Housing Revenue Account and Common Good are forecast to end the year on or within budget therefore will maintain or increase the current value of their Balance Sheet resources.

5. LEGAL IMPLICATIONS

- 5.1 While there are no direct legal implications arising from the recommendations of this report, there are additional reporting requirements due to the London Stock Exchange listing, for example the requirement to notify them ahead of publication of the report.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	The main financial risk the Council is managing is the increased demand on services.	M	Reviewing all areas of expenditure with a view to only incurring essential expenditure.
	The risk around the final cost of the pay award is significant for the Council given the proportion of the budget that is pay related.	H	Current forecasts are based on the pay offer by Employers, increased in December 2018. Continuing fiscal restraint is being exercised
	In relation to capital projects there is a risk that following the procurement process,	M	Quantification and review of indicative project costs by suitably qualified staff

	tendered costs will vary from that assumed at the time of project approval.		or external body where appropriate.
Legal	Where actions that impact on the statutory duties of the Council are chosen then there is a risk that the Council will not meet its statutory obligations.	L	Prior to action being taken there would require to be an assessment of the legal implications.
Employee	There is a risk that changes to budgeted expenditure levels and fiscal restraint will impact on the number of employees working in the Council.	M	Impact assessments can be carried out to identify impact of fewer staff and active management of tasks, including prioritisation and a focus on productivity.
Customer	There is a risk that changes to budgeted expenditure levels and fiscal restraint will impact on the customer experience.	M	Prioritisation, a focus on productivity and active management of services using the TOM principles to minimise effects.
Environment	None identified		
Technology	None identified		
Reputational	There is a risk that through the reduction of expenditure the Council may be criticised that spending isn't in line with budgets.	H	The Council has continued to address priority spending areas, and to protect people. It is equally accountable for the use of public funds and to ensure that they are managed robustly. There are a wide range of unknown external factors that require to be balanced to deal with the current operating environment.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The Council continues to plan for spending hundreds of millions of pounds in 2018/19 and to

	invest in front-line services across its statutory responsibilities as well as capital infrastructure. Investment in the city will have a positive impact on the economy.
Prosperous People	Robust and effective management of the Council's finances will ensure that services can continue to be provided.
Prosperous Place	Investment will enhance the place by creating a better and more vibrant city in which to live.

This report does not impact on the design principles of the Target Operating Model.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix 1 – Financial Statement for the period ending 31 December 2018

Appendix 2 – Forecast Financial Position for the year 2018/19

Appendix 3 – Common Good Financial Statement for the period ending 31 December 2018

Appendix 4 – Group Entities Forecast Financial Position for the year 2018/19

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**FINANCIAL STATEMENT
FOR THE PERIOD ENDING
31 DECEMBER 2018**

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Management Commentary

The purpose of the management commentary is to inform readers, helping them to assess how the Council is performing and understand our financial performance for the quarter to 31 December 2018.

It also provides an insight into the expected financial performance for the remainder of the financial year 2018/19, the challenges we face and how we will address these challenges to provide stability, financially, thus allowing our citizens to have confidence that we can continue to provide the diverse portfolio of services on which they rely.

Background

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

The credit rating must be maintained over the term of the bonds with the credit rating agency conducting a review at least once every twelve months. The second review took place in November 2018, and the result was to maintain the status quo, an excellent result.

As a result of the Local Outcome Improvement Plan 2016-2026 (LOIP) the Council undertook to transform its business structure. On 1 April 2018 the Council moved to its new structure, known as the Target Operating Model (TOM). This represents a complete change in how the Council manages and deliver its services to the people and place of Aberdeen. The structure has moved from 5 Directorates to 6 Functions – Operations, Customer, Commissioning, Place, Resources and Governance, which will be reported quarterly along with the Integrated Joint Board. Further details of the responsibilities of each function can be found on pages 2 and 3.

Our Financial Performance

• Performance to end of Quarter 3

In March 2018, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2018/19. Performance for the year is measured against these budgets with the forecast full year position considered in a later section of this report. This section focuses on the actual financial results for the period 1 April to 31 December 2018, presented in the format of our Annual Accounts on pages 5 to 10.

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

Overall performance on savings targets has been tracked during the year and at the nine month point 77% of the £18m of savings that had been agreed in the budget have been achieved. The profile of these savings across Function is not even therefore the impact from reduced staff numbers, the cost of goods and services and income targets varies for each one and in the third quarter it has been more difficult to associated changes in spend pattern to the original targets. This will be looked at for the year end position.

1. Operations brings together the leadership of the Council's 'in house' delivery functions. It is specifically aimed at the removal of service specific delivery silos and behaviours and charged with joining up our delivery, adapting to meet demand and continuous operational improvement.

At 76% against the full year budget, the services net expenditure for the year to date is on budget. The Service is currently managing a number of cost pressures, including commissioning of fostering, out of authority placements for children and self-directed support which may affect performance in quarter 4. These are areas where decision making and control doesn't sit solely within the Service. Other information is described in Appendix 2.

2. Customer is responsible for managing all internal and external customer contact. It brings together housing, libraries, community learning, community safety and locality planning to support the development of sustainable communities and enable individuals to manage their own lives. There will be a focus on creating digital services for customers that are easy to use and improving access to services. It will be responsible for providing external communications, advice and support to ensure effective communications with external audiences, and to promote the reputation of the Council.

At 83% against the full year budget, the function's net expenditure for the year to date is above budget. This is due to the profiling of the budget for HRA specific expenditure. The Service is currently managing pressures in relation to housing access and support in relation to income from accommodation, payments to landlords, and property repairs. Other information is described in Appendix 2.

3. Housing Benefits – whilst the Housing Benefits service sits within Customer it is reported separately to comply with accounting standards.

4. Commissioning is responsible for both commissioning and procuring the best service/partner to deliver the agreed outcomes of the new structure. Business Intelligence and Performance Management also sits within Commissioning. They will be responsible for identifying social, economic and digital trends of the city in the future and how the Council can meet these needs. This function will also be responsible for managing and monitoring the service -level agreements with the Council's Arm's Length External Organisations (ALEOs).

At 76% against the full year budget, the services net expenditure for the year is as expected.

5. Resources is responsible for the selection, retention and development of the Council's staff and the financial planning, monitoring and reporting of the Council. They manage the development of design and delivery of all strands of capital including the city centre masterplan, city region deal investments, the schools estates strategy, roads infrastructure and housing. The Corporate Landlord aspect is responsible for the commercial and non-commercial land and property assets, facilities management and council housing stock management.

At 135% against full year budget, the service's net expenditure for the year is below budget due to the effect of timing of cashflows. Further information is provided in Appendix 2.

6. City Growth will represent the Council and the City of Aberdeen on local, regional, national and international stages with key responsibilities for outward trade, a diverse employability and skills base, and a focus on tourism, culture and the development of a city events programme.

At 74% against the full year budget, the services net expenditure for the year is on budget. However, the service is managing pressures and these are described in Appendix 2.

6. Strategic Place Planning's focus is to enable, facilitate and deliver Strategic Place Planning which includes all of the transport, environment, housing, building, planning and digital initiatives that will help to deliver major infrastructure projects.

At 72% against full year budget, the services net expenditure is slightly below budget. Income is a critical element of the budget and more information is provided in Appendix 2.

7. Governance includes Legal Services, Democratic Services, Audit, Policy, Emergency Planning and Corporate Health & Safety.

At 81% against the full year budget, the services net expenditure for the year is above budget.

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

At 50% against the full year budget, net expenditure on this function for the year to date is in line with expectations. With demand led services there are invariably cost pressures which require to be managed and more information is provided in Appendix 2.

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

Against the full year budget, net expenditure for the year to date is lower than expected. This is due to the capital financing costs remaining unposted at quarter 3 as a result of a loans fund review. There are no major variances as at the end of Q3 against budget for these areas, although estimates and judgements are made at the year end to ensure compliance with accounting standards are generally reported against this heading.

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

11. Other Income and Expenditure includes interest payable and receivable, income and expenditure from trading operations (car parking, investment property and building services) and income received through council tax, non domestic rates and government grants.

At this stage non domestic rates and government grants are on budget, with Council Tax slightly below budget and net income from trading services is 62% of full year budget due to the timing of building services cash flows.

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

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

2018/19 Forecast Financial Position

- **General Fund Revenue**

Appendix 2 shows the Council is currently forecasting an overspend for the year of around £2.7m compared to budget, which equates to around 0.6% of the total net expenditure that the Council expects to spend on services. This is in the context of a number of identified cost and/or demand pressures detailed within Appendix 2 and highlighted in the Q1 and Q2 reports. This includes the unknown value of the final pay award for 2018/19 and the impact of developing issues around the contingent liabilities (described later in the Appendix), such as the cost of the Child Abuse Inquiry, the financial redress scheme being funded through those responsible rather than the Scottish Government. A number of specific actions to reduce expenditure and increase income are being taken across the Council to address the uncertain and challenging environment within which it is working in and the Extended Corporate Management Team is committed to taking action to mitigate the pressure areas.

It is clear that operating a very large and complex organisation is not without risks and there are a range of unknown factors that the Council has to continuously manage and will have to address during the course of the year. An example of this is the pay award, which is currently forecast to be settled in line with the current offer by employers. The current offer by employers has been increased again, even further than the Council had budgeted and with unions recommending rejection of this offer it is prudent for the Council to take action to be as prepared as it can be for what may eventually be agreed.

- **Housing Revenue Account**

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

- **General Fund Capital**

Appendix 2 provides the monitoring position for the 2018/19 non-housing capital programme. The capital programme is funded through a number of project specific grants and contributions, general government grant, capital receipts and borrowing.

- **Housing Capital**

Appendix 2 shows that the forecast outturn is on budget with work ongoing to ensure that expenditure remains within the funded programme as set by Council in March 2018.

- **Common Good**

Appendix 2 provides the budget and current forecast outturn. Funding requests that have been approved in-year are as follows:

- CPR Training for schools - £5,000 for the costs of training all secondary school pupils in cardiopulmonary resuscitation in association with the British Heart Foundation.

Conclusion

This is the third quarterly financial performance report being presented to Elected Members for consideration of the financial year 2018/19. This report aims to meet the reporting requirements for the London Stock Exchange as well as enhancing financial transparency by providing more information and by providing it in a manner consistent with the Council's Annual Accounts.

Movement in Reserves Statement

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

	General Fund	Housing Revenue Account	Statutory and Other Reserves	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018 brought forward	(40,697)	(11,808)	(13,460)	(65,965)	(1,317,924)	(1,383,889)
Movement in Reserves during 2018/19						
Total Comprehensive Income & Expenditure	(97,483)	(47,812)	0	(145,296)	32,290	(113,004)
Adjustments between accounting basis & funding basis under regulations	901	33,282	0	34,183	(34,183)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(96,582)	(14,530)	0	(111,112)	(1,893)	(113,004)
Transfers to/from Earmarked Reserves	42,504	14,530	(448)	56,586	(56,586)	(0)
(Increase)/Decrease in Year	(54,078)	0	(448)	(54,526)	(58,479)	(113,004)
Balance at 31 December 2018	(94,775)	(11,808)	(13,908)	(120,492)	(1,376,403)	(1,496,894)

Expenditure and Funding Analysis

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

Quarter 3, 2018/19				
Services	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES £'000	Notes
	£'000	£'000	£'000	
Operations	177,764	(10,195)	167,569	1
Customer	26,950	0	26,950	2
Housing Benefits	656	0	656	3
Commissioning	21,558	0	21,558	4
Resources	10,734	0	10,734	5
Place	10,916	0	10,916	6
Governance	2,360	0	2,360	7
Integration Joint Board	67,013	0	67,013	8
Corporate	4,564	(127)	4,436	9
Net Cost of General Fund Services	322,515	(10,322)	312,193	
Housing Revenue Account	(13,922)	(32,406)	(46,328)	10
Net Cost of Services	308,593	(42,728)	265,865	
Other Income and Expenditure	(395,408)	(15,751)	(411,159)	11
(Surplus) or Deficit on Provision of Services	(86,815)	(58,479)	(145,295)	
Opening General Fund and HRA Balance at 31 March 2018	(52,505)			
(Surplus) or Deficit on General Fund and HRA Balance in Year	(86,815)			
To/From Other Statutory Reserves	32,738			
Closing General Fund and HRA Balance at 31 December 2018	(106,583)			

Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £10.195m accounting adjustment relates to the removal of unitary charge costs for the 3R's schools which for accounting purposes is required to be split into its component parts, payment for services; repayment of capital; and financing costs.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
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7. See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
8. See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
9. See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £0.127m accounting adjustment is the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account.
10. See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £32.406m adjustment is the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account.
11. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The (£15.751m) adjustment comprises the following two elements:
 - £6.973m is the element of reallocation of the 3R's unitary charge as per note 1 above which relates to financing costs which flows into the Financing and Investment Income and Expenditure line in the CIES below; less
 - (£22.724m) is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below.

Comprehensive Income and Expenditure Statement

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

Services	Quarter 3, 2018/19			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Operations	220,894	(53,325)	167,569	
Customer	80,303	(53,353)	26,950	
Housing Benefits	43,572	(42,916)	656	
Commissioning	23,354	(1,796)	21,558	
Resources	43,983	(33,249)	10,734	
Place	14,920	(4,003)	10,916	
Governance	3,451	(1,091)	2,360	
Integration Joint Board	104,170	(37,157)	67,013	
Corporate	5,767	(1,330)	4,436	
Cost of General Fund Services	540,414	(228,221)	312,193	
Housing Revenue Account	17,876	(64,204)	(46,328)	
Cost of Services	558,290	(292,425)	265,865	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	38,421	(38,329)	92	2
Taxation and Non Specific Grant Income	0	(411,251)	(411,251)	3
(Surplus) or Deficit on Provision of Services	596,711	(742,005)	(145,295)	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	4
Impairment losses on non current assets charged to the Revaluation Reserve			0	4
(Surplus)/deficit on revaluation of available for sale financial assets			0	4
Actuarial (gains)/losses on pension losses/liabilities			0	4
Other (gains)/losses			32,290	4
Other Comprehensive Income and Expenditure			32,290	
Total Comprehensive Income and Expenditure			(113,003)	

Notes

1. This line will be used to reflect gains or losses on the disposal of assets which take place during the year.
2. This largely reflects trading income and interest payable and receivable.
3. This is affected by the profiling of income received from the Scottish Government and Non-Domestic Rate payers, which ultimately affects the level of general fund balance at this stage.
4. These lines are predominantly used for statutory accounting adjustments.

Balance Sheet

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

31 March 2018 £'000		31 December 2018 £'000	Note
2,311,324	Property, Plant & Equipment	2,468,825	1
197,370	Heritage Assets	197,370	1
148,592	Investment Property	148,592	1
18,075	Long Term Investments	18,075	2
8,222	Long Term Debtors	9,606	3
2,683,583	Long Term Assets	2,842,468	
56,202	Cash and Cash Equivalents	48,704	4
98,705	Short Term Investments	61,146	5
77,292	Short Term Debtors	76,106	6
1,174	Inventories	14,382	7
6,198	Assets Held for Sale	6,198	8
239,571	Current Assets	206,535	
(79,435)	Short Term Borrowing	(116,439)	9
(78,245)	Short Term Creditors	(57,683)	10
(5,758)	Short Term Provisions	(10,563)	11
(3,222)	PPP Short Term Liabilities	(2,997)	12
(5,607)	Accumulated Absences Account	(5,607)	13
(579)	Grants Receipts in Advance - Revenue	(6)	14
(7,855)	Grants Receipts in Advance - Capital	(14,279)	14
(180,700)	Current Liabilities	(207,574)	
(890,982)	Long Term Borrowing	(879,952)	15
(58,793)	Finance Lease	(58,793)	16
(108)	Long Term Creditors	(108)	17
(679)	Long Term Provisions	(679)	11
(97,751)	PPP Long Term Liabilities	(94,754)	12
(310,251)	Pension Liabilities	(310,251)	18
(1,358,564)	Long Term Liabilities	(1,344,536)	
1,383,889	Net Assets	1,496,894	
	Usable Reserves:		
(40,697)	General Fund Balance	(94,775)	19
(11,808)	Housing Revenue Account	(11,808)	19
(13,460)	Statutory and Other Reserves	(13,908)	19
(1,317,924)	Unusable Reserves	(1,376,403)	20
(1,383,889)	Total Reserves	(1,496,894)	

Balance Sheet Notes

1. Depreciation is calculated annually and therefore no depreciation has been applied in Quarter 3. Capital expenditure to the end of Quarter 3 totaling £157.501m has been applied to Property, Plant & Equipment (this includes £130.397m of general fund expenditure and £27.104m of HRA expenditure). Disposals, revaluations and transfers have not been accounted for in Quarter 3.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Village. These will be revalued and updated in Quarter 4.
3. Long term debtors reflects the movement based on transactions for the period.
4. Cash and cash equivalents have been adjusted for short term investments of £49.454m (those investments classed as cash equivalents because they can be called up at short notice i.e. 0 to 30 days) and developers contributions of £17.282m. See the cash flow statement for an analysis of how this is used.
5. Short term investments have been adjusted as described in note 4.
6. Short term debtors reflects the movement based on transactions for the period.
7. Inventories are adjusted at year end for inter-related balances.
8. Assets held for sale will be reviewed in Quarter 4.
9. Short term borrowing reflects the current position based on transactions for the period.
10. Short term creditors reflects the current position based on transactions for the period.
11. Short term provisions reflects the current position with an adjustment to split this total into long and short term provisions based on year end figures. This split will be updated in future quarters.
12. PPP short term liabilities has been adjusted to reflect the outstanding position at March 2019.
13. The accumulated absences account is an accounting adjustment to reflect the value of holiday leave outstanding. It is reviewed annually and will therefore be updated in Quarter 4.
14. The grants received in advance totals reflect the position at the end of Quarter 3.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Finance Lease reflects the closing position as at March 2018 and will be updated in Quarter 4.
17. Long term creditors reflects the current position based on transactions for the period.
18. Pension liabilities are reviewed annually and will therefore be updated in Quarter 4.
19. Usable reserves reflects the current position based on the transactions for the period. The general fund balance is higher at this stage due to the profiling on income from the Scottish Government and Non-Domestic Rate payers.
20. Unusable reserves have been adjusted for statutory accounting adjustments as detailed above.

Contingent Liabilities

In addition to amounts recognised on the Balance Sheet, the Council was aware of the following contingent liabilities at 31 March 2018 and formally recognised within the 2017/18 Annual Accounts:

Aberdeen Science Centre (formerly Satrosphere)

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £127,653 in support of an overdraft facility and card transactions until 31 March 2019.

Transition Extreme Sports Ltd

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a maximum overdraft facility of £250,000 until 2019.

Waste Disposal

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

The Council is currently part of a three-authority project in partnership with Aberdeenshire and Moray Councils to procure an energy from waste facility which will deal with all residual waste from the three authorities. The contract is expected to commence in 2019 with the facility coming on line late 2021, and will run for 20 years.

Landfill Allowance Scheme (LAS) The Scottish Government had previously introduced a scheme under which Local Authorities were to be penalised for exceeding landfill tonnage targets. The Landfill Allowance Scheme in Scotland is currently suspended and it is expected that the Waste (Scotland) Regulations 2012 will take over the requirement for the control of landfilling biodegradable municipal waste. However, until such a repeal is formalised there remains a potential liability on the Council.

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

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

Sport Aberdeen

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

SEEMIS Group LLP

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

Scottish Child Abuse Inquiry

The Scottish Child Abuse Inquiry is a national inquiry which was set up on 1 October 2015. The Council recognises a potential liability exists in respect of claims from this inquiry, but this is unquantifiable at this time. The Scottish Government is

progressing a national redress scheme with a likely outcome in 2021. It is unclear at present what the impact on the Council will be and as a result how any liability would be funded.

Section 75 agreements

Section 75 agreements (developer obligations) are frequently sought by the Council in relation to the award of planning permission. The Supreme Court's recent judgement in relation to the Strategic Transport Fund (STF), which was funded through developer obligations, has significant implications for the Council, as there are several large scale projects in development which had expected to rely on STF funding.

Music School Tutors

The Council and HMRC have on-going discussions regarding the employment status of the music school tutors. This may mean the Council has to pay back-dated tax and national insurance for them, and may also have to pay a penalty.

Multi Storey Blocks

In response to the Grenfell Tower incident, potential changes to fire safety within multi storey blocks may be required. The extent of such changes is unknown at this time.

Integration Joint Board (IJB)

The IJB is responsible for the strategic planning of the functions delegated to it by Aberdeen City Council and NHS Grampian. The Aberdeen City IJB Integration Scheme provides the framework in which the IJB operates including information on funding and what should happen if the IJB is projecting to overspend its budget at the year-end. Whilst steps will be taken to address this, ultimately the parties to the arrangement may be potentially liable should the IJB overspend.

Our Generation – Solar Panels

A contractual dispute exists in relation to this contract which may give rise to a future financial liability.

3rd Don Crossing

It is recognised that claims may be received in relation to these projects which could give rise to a future financial liability.

Cash Flow Statement

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

	Quarter 3 2018/19
	£'000
Net Surplus or (Deficit) on the provision of services	145,295
Adjust net surplus or deficit on the provision of services for non cash movements	19,517
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,724)
Net cash flows from Operating Activities	142,087
Net cash flows from Investing Activities	(172,337)
Net cash flows from Financing Activities	22,751
Net increase or decrease in cash and cash equivalents	(7,498)
Cash and cash equivalents at the beginning of the reporting period	56,202
Cash and cash equivalents at the end of the reporting period	48,704
Cash held by the Authority	47
Bank current accounts	48,657
	48,704



**FORECAST FINANCIAL POSITION
FOR THE YEAR 2018/19**

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GENERAL FUND

As at 31 December 2018	Budget 2018/2019	Outturn 2018/2019 Quarter 3	Variance from Budget		Forecast as at Quarter 2	Variance Quarter 2 to Quarter 3	Notes
	£'000	£'000	£'000	%	£'000	£'000	
Operations	226,101	234,877	8,776	3.9	232,300	2,577	1
Customer	34,653	36,690	2,038	5.9	35,934	756	2
Housing Benefits	2,153	2,153	0	0.0	2,153	0	3
Commissioning	28,237	28,318	81	0.3	27,057	1,261	4
Resources	5,818	3,987	(1,832)	(31.5)	3,959	27	5
City Growth	7,937	8,215	278	3.5	8,213	2	6
Strategic Place Planning	6,985	7,622	636	9.1	7,069	553	7
Governance	2,930	2,980	50	1.7	2,944	36	8
Integration Joint Board	84,995	84,995	0	0.0	84,995	(0)	9
Total Functions Budget	399,808	409,836	10,028	2.5	404,624	5,212	
Contingencies	(3,577)	(7,522)	(3,945)	110.3	(4,823)	(2,699)	10
Council Expenses	2,852	5,814	2,962	103.8	3,908	1,906	11
Joint Boards	1,677	1,677	0	0.0	1,677	0	12
Miscellaneous Services	38,594	32,080	(6,514)	(16.9)	34,402	(2,322)	13
Total Corporate Budgets	39,546	32,048	(7,497)	(19.0)	35,164	(3,115)	
Non Domestic Rates	(227,801)	(227,801)	0	0.0	(227,801)	0	14
General Revenue Grant	(95,180)	(95,180)	0	0.0	(94,787)	(393)	15
Government Support	(322,981)	(322,981)	0	0.0	(322,588)	(393)	
Council Tax	(116,373)	(116,224)	150	(0.1)	(116,373)	150	16
Local Taxation	(116,373)	(116,224)	150	(0.1)	(116,373)	150	
Deficit/(Surplus)	0	2,680	2,680	0.0	826	1,854	

Housing Revenue Account Summary 2018/2019 - Quarter 3

Deficit/(Surplus)	(500)	(500)	0	(0)	(500)	0	17
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Notes

It should be noted that the full year budgets reflected above differ from those set by Council in March 2018 for a number of reasons. This is normal practice during the year as virements are identified. The main changes at present relate to the allocation of third party spend savings which were held within Commissioning at the time the budget was set across other Functions.

There are pressure areas across the organisation as detailed in the notes below. Following the instruction from the Committee on 31 October 2018 to reduce net expenditure progress has been made but the Council continues to be under significant pressure in several areas.

The greatest uncertainty remains in relation to the pay award for the year, which has been increased by COSLA in December 2018 well beyond the budget that had been set this Council. In the forecast outturn is in excess of £2m of additional pressure

arising from the pay offer this year, compared to the anticipated pay settlement based on the lifting of the pay cap, announce by the Cabinet Secretary for Finance and the Constitution in December 2017, on which the budget had been based.

I have considered the current position, at the end of Q3, what has been achieved and a prudent view on what is forecast for the remainder of the year. It is clear from this assessment that the likelihood of mitigating all of the existing and new cost pressures in the system is low.

For this reason the forecast for the year end is a deficit of c. £2.7m, significantly influenced by the additional costs that arise from the offer of a pay award for 2018/19.

The forecast, shown in the table above, is for reasons of presentation quantified as a specific value, an over spend of £2.7m, and does not reflect the range of scenarios that could be achieved if the individual elements that make up the current forecast prove to be different.

With the action being taken to reduce expenditure, it is reasonable to estimate that the current forecast sits within a range:

Assumption	Impact
Improve income and collection levels and expenditure levels lower than currently forecast.	Potential surplus achieved at year end.
Actual spending and income in line with forecasts, estimates and judgements at Quarter 3. (Appendix 2)	Forecast of £2.7m over budget.
Additional cost pressures from, for example a severe winter, higher pay award and additional demand pressures.	For example, 10% pay award for teachers without Scottish Government funding would lead to a potential deficit of £9m at year end.

The risk and uncertainty around the pay award and the reality that this may not be clarified until March at the earliest means that action should be continuing to reduce expenditure wherever possible.

The Council continues to identify and respond to the most vulnerable and disadvantaged in the community. By reducing expenditure and increasing income to offset additional costs it will continue to prioritise its legal obligations to Protecting People.

It is also recognised that much of the Council spending has now been undertaken and there are limits to which existing contractual (staff and purchases) can be changed prior to the end of the year.

1. The main areas of pressure within Operations are:

- Foster care costs have risen due to the inability to recruit within the city, a national problem, with a high number of placements now being provided by external agencies that charge higher fees as part of a national contract.
- The number of children with disabilities requiring assistance creates a cost pressure for direct payments, and the cost of kinship carers creates an ongoing pressure;
- In respect of out of authority placements there is continued pressure of cost increases per package, Sheriff Court, Children's Hearings and Education Tribunal placement decisions, and the need to safely manage child protection risks all play a part in the costs that the Council has to address;
- The costs of agency social workers have risen creating a pressure, work is to be undertaken to align the posts with vacant positions;
- Income from additional repairs, maintenance and capital work is unlikely to be achieved in Building Services as there continues to be a shortage of resources such as staff in trades and team leaders.

The significant pressures on Operations have been identified and tighter controls around staff and purchases are expected to enable an improvement in the financial forecast. Despite this it is likely that the Function will exceed its budget in order to protect the most vulnerable in our community.

2. The main areas of pressure within Customer are:

- Commissioned telephone costs for Bon Accord Care;

- Underachievement of income in IT systems relating to staff recharges on projects;
 - Housing access and support faces challenges in relation to income from accommodation and also the cost of properties, including repairs.
3. Housing Benefits is demand led which can lead to cost pressures, and it is assumed that this will be largely offset by additional income from the Department for Work and Pensions (DWP).
4. The main areas of pressure within Commissioning are:
- Advertising and sponsorship income is expected to be below budget, due to continuing economic conditions;
 - Additional commissioning costs.
5. The main areas of pressure within Resources arise due to timing changes for income on specific projects, for example roads projects.

The forecast value of cost pressures is offset by a higher level of income in other areas of the Function and as such it is expected to deliver an overall saving which other Council Functions will benefit from.

6. The main area of pressure within City Growth is:
- Income from cultural facilities, galleries and museums and beach ballroom.
7. The main areas of pressure within Strategic Place Planning are:
- Income in respect of roads development which is dependant on charges to developers for new roads developments; and the costs of the public transport unit;
 - The general economic condition in Aberdeen may impact further on the income from Planning Application Fees and Building Standards.
8. The main area of pressure within Governance is:
- The level of charges for legal services recoverable from other Council accounts, e.g. Housing Revenue Account.
9. There are areas of pressure within the Integrated Joint Board/Adult Social Care and these are:
- Needs led homecare costs and under-recovery of client income in Older People & Physical Disability service;
 - The additional costs of supporting complex day care and supported accommodation packages for Learning Disabilities and under-recovery of client contributions;
 - Needs led residential care and homecare for mental health and substance misuse clients.

The Integrated Joint Board is funded by the Council and the NHS and the cost of services delivered by the Council is significantly more than the Council contributes, resulting from the funding being allocated through the NHS financial settlement in prior years for Social Care services and demands. This means that there is funding allocated by the IJB to the Council that has come from the NHS contribution to the IJB. The cost pressures above are managed by the IJB and met with IJB funds. The forecast for the IJB indicates that ACC will not have to contribute any additional funds in 2018/19.

10. The savings forecast from staff vacancies are contained within the Contingencies budget and are forecast to be slightly below budget based on data at this point in time. Cost pressures from the pay award are included within contingencies forecast based on current information, i.e. the latest offer from Cosla to employees – a multi year deal starting with 2018/19 at 3.5% for all salary grades up to £80k, after which there is a £1,600 maximum cash payment. Teachers have been offered a different proposal that includes funding from the Scottish Government to fund an enhance offer. The unions have a mixed view of the offers and therefore it is unclear when the matter will be settled. It is anticipated that with membership ballots taking place during February any resolution will not be reached until March at the earliest. The Council continues to review estimates based on best information.
11. Council Expenses includes a budget relating to movements in the Council's provision for bad debt. The methodology used to assess the level of provision required is being reviewed which may impact on this budget. Specific work has been prioritised to target outstanding debt collection and ensure that the Council is receiving the income due to it.
12. The Joint Boards budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board.

13. Capital Financing Costs is the most significant budget within Miscellaneous Services, with this including the impact of accounting requirements in relation to the Council's Bond Issue, and an increase level of external borrowing overall. The forecast takes account of the expected beneficial impact that will arise from implementing treasury management advice on capital financing costs that are planned for implementation in 2018/19. In addition the consistent approach of mitigating the accounting requirements in relation to the Bond issue are funded by useable reserves in the short term (Capital Fund), resulting in a medium to long term annual benefit for the General Fund budget.

In addition it has been assumed that continued savings across the council, not yet documented in the forecast outturns, will be achieved in the remaining weeks of the year. Unclear exactly where this will impact and to what value the estimate has been held in Miscellaneous Services, with ordering and new commitments in general not able to be created without senior manager authorisation.

14. The Non Domestic Rates figure is set by the Scottish Government as part of its overall funding support package rather than the amount billed and receivable by the Council.
15. The General Revenue Grant is set by the Scottish Government as part of its funding support package. This is subject to changes during the year as the government announces funding redeterminations.
16. Council Tax income is forecast be slightly below budget at Quarter 3 based on current collection levels.
17. There are a number of small variances within the HRA budget, which will be managed during the year.

GENERAL FUND CAPITAL PROGRAMME

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

It should be noted that some projects in the approved 5-year programme are currently profiled for later financial years, so do not quote a budget amount for 2018/19. These projects are included to provide a complete overview of projects in the approved programme and to ensure they are not omitted from the regular programme reviews.

The Council is currently developing new reporting arrangements for the application of developer obligation funds. This update identifies where funds have been applied in support of projects in the current financial year.

	£'000
Capital Programme Budget 2018/19	303,008
Capital Programme Outturn 2018/19	210,528
Budget/Outturn Variance	92,480
Capital Funding 2018/19	
Income for Specific Projects	-20,600
Developers Contributions	-1,285
Capital Grant	-23,677
Other Income	-164,966
	-210,528

The table above provides a summary of the forecast for the capital programme in 2018/19 and shows a significant level of slippage on the overall expenditure that had been anticipated this is primarily due to reprofiling of the programme to provide assurance to Council on the cost implications of progressing with four proposed new primary schools, the procurement process for the Union Terrace Gardens project and previously reported issues with regard to settling land claims in relation to the AWPR. The impact on the funding of the Capital programme is that there will be lower borrowing requirement in 2018/19 than anticipated. This does not mean that the cost is lost forever, with the projects remaining in the programme at this time and funding to deliver them still being required in the future. Another significant point to note is that Income for Specific Projects (specific grant income) will be lower than anticipated too, with the main difference there being in relation to the work that has yet to be undertaken on the Early Learning and Childcare Expansion programme. This will be carried into 2019/20.

Specific project monitoring information for this year is detailed in the tables below, and by exception there are specific comments on the projects that need to be highlighted to the Committee. These include:

Projects where scale and financial commitment determines the need for a progress statement:

- The figures quoted for the TECA project now include the Anaerobic Digestion project, for which the main contracts have now been let. The updated outturn reflects the latest cashflow forecasts for the total project in 2018/19, including the timing of potential use of project contingencies, which have now moved to 2019/20.

Projects where officers are responding to delivery challenges:

- The Council approved the progression of the Compulsory Purchase Order for the Berryden Corridor at its Urgent Business Committee on 21 December 2017. The project team are progressing the necessary arrangements to complete the CPO process, including a reassessment of resourcing negotiations for some voluntary property acquisitions.

Projects under officer assessment for potential contractual dispute:

- Chief Officers continue to assess various aspects of a potential claim in relation to the Art Gallery.
- Claims for the 3rd Don Crossing project under the Land Compensation Claim Act 1973, and Noise Insulation (Scotland) regulations (1975) are experiencing delays in the data gathering process. Claims will continue to be received, assessed and processed in compliance with the processes for the creation of new roads infrastructure.

Projects to be re-scoped:

- As reported to Capital Programme Committee in September 2018, the Fleet Replacement programme continues to be re-profiled with regard to on-going procurement exercises and front line service requirements.

Project by project financial projections against budget for the year:

As at Period 9 2018/19					Gross Figures for 2018/19		
AECC Programme Board					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
TECA	G	G	A	A	145,949	101,170	130,330
					145,949	101,170	130,330

As at Period 9 2018/19					Gross Figures for 2018/19		
Asset Management Programme Board					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Orchard Brae (New ASN School - previously Raeden Centre project)	G	G	G	G	715	18	715
New Academy to the South - ICT Infrastructure	G	G	G	G	1,000	995	1,000
New Academy to the South - Infrastructure Improvements	G	G	G	G	1,851	1,417	1,802
New Milltimber Primary	A	A	A	A	500	31	300
Social Care Facilities: Len Ironside Centre	G	G	G	G	88	0	0
Kingsfield Childrens Home	G	G	G	G	1,500	448	448
TNRP - Investment in Advance Factory Units	A	G	G	A	530	0	0
Greenbrae Primary Extension and Internal Works	G	A	G	G	514	(68)	(236)
Stoneywood Primary	G	A	A	G	2,454	1,862	2,285
Dyce 3G Pitch	G	G	G	G	0	8	8
Refurbish Throughcare Facility - 311 Clifton Road	G	G	G	G	30	0	0
Street Lighting LED Lanterns (PACE programme)	G	G	G	G	2,338	300	1,000
Flood Prevention Measures: Flood Guards Grant Scheme	G	G	G	G	105	3	3
Flood Prevention Measures: Millside & Paddock Peterculter	G	G	G	G	0	0	0
Tillydrone Primary School	A	A	G	A	9,453	45	300
Torry Primary School and Hub	A	A	G	A	9,974	(47)	300
Northfield / Cummings Park Early Learning & Childcare Provision	A	A	A	A	493	27	50
Early Learning and Childcare	A	A	A	A	7,400	1	1
Kingswells Nursing Home Acquisition	G	G	G	G	tbc	0	0
Crematorium Refurbishment	A	G	G	G	1,115	928	1,100
Additional Investment in Roads	G	G	G	G	500	262	500
Countesswells Primary	G	G	G	G	tbc	0	300
					40,560	6,229	9,876

As at Period 9 2018/19					Gross Figures for 2018/19		
Asset Management Programme Board Rolling Programmes					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Corp Property Condition & Suitability Programme	A	A	G	A	10,354	5,521	6,446
Cycling Walking Safer Streets Grant	G	G	G	G	313	111	313
Fleet Replacement Programme (including Zero Waste Strategy Fleet)	R	G	G	G	5,695	800	2,781
Planned Renewal & Replacement of Road Infrastructure	G	A	A	A	6,409	2,562	5,909
Planned Renewal & Replacement of Road Infrastructure (Street Lighting)	G	A	A	A	235	158	235
					23,006	9,152	15,684

As at Period 9 2018/19				
City Centre Programme Board				
	Timeline	Budget	Risk	Resource
Art Gallery Redevelopment - Main Contract (HLF)	R	R	R	G
City Centre Masterplan	A	G	G	G
Provost Skene House Refurbishment	G	G	G	G
Broad Street	A	G	G	G
Union Street - Conservation Area Regeneration Scheme	G	G	G	G
Aberdeen in Colour - Langstane Place	G	G	G	G
Schoohill Public Realm	G	G	G	G
City Centre Living - Queen's Square Development	G	G	G	G
Central Library Roof & Parapets	G	G	G	G

Gross Figures for 2018/19		
Approved Budget	Expenditure to Date	Forecast Expenditure
£'000	£'000	£'000
3,221	779	3,221
16,980	801	2,485
1,640	65	1,640
736	641	736
150	49	150
50	0	50
550	5	350
500	0	50
337	301	326
24,164	2,642	9,008

As at Period 9 2018/19				
Energy Programme Board				
	Timeline	Budget	Risk	Resource
Hydrogen Buses	G	G	G	G
Waste: Energy from Waste (EfW) Procurement & Land Acquisition	A	G	G	G
Waste: Investment in Waste Collection	G	G	G	G
Waste: Co-Mingled MRF & Depot	G	A	G	G
Waste: Bridge of Don HWRC	G	A	G	A
Energy from Waste (EfW) Construction & Torry Heat Network	A	A	A	G
JIVE (Hydrogen Buses Phase 2)	G	G	G	G

Gross Figures for 2018/19		
Approved Budget	Expenditure to Date	Forecast Expenditure
£'000	£'000	£'000
5	0	0
3,577	3,059	3,577
107	77	107
737	275	737
50	0	0
889	91	889
3,053	0	3,053
8,418	3,502	8,363

As at Period 9 2018/19				
Housing and Communities Programme Board				
	Timeline	Budget	Risk	Resource
Tillydrone Community Hub	A	G	G	G
SIP New Build Housing Programme	A	G	G	A
Middlefield Project Relocation / Henry Rae Community Centre Extension	G	G	G	G
Station House Media Unit Extension	G	G	A	G
New Cruyff Court	G	G	G	G
Community Growing Spaces	G	G	G	G

Gross Figures for 2018/19		
Approved Budget	Expenditure to Date	Forecast Expenditure
£'000	£'000	£'000
4,661	1,092	3,590
702	(545)	702
4	37	37
703	672	708
250	0	25
116	52	116
6,436	1,308	5,178

As at Period 9 2018/19				
Housing and Communities Programme Board Rolling Programmes				
	Timeline	Budget	Risk	Resource
Private Sector Housing Grant	G	G	G	G

Gross Figures for 2018/19		
Approved Budget	Expenditure to Date	Forecast Expenditure
£'000	£'000	£'000
922	0	750
922	0	750

As at Period 9 2018/19					Gross Figures for 2018/19		
Transportation Programme Board					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Access From the North / 3rd Don Crossing	A	R	G	A	1,492	50	1,492
Western Peripheral Route	A	G	G	G	19,961	3,010	6,010
Strategic Land Acquisition	G	G	G	G	1,748	0	250
CATI: South College Street	G	G	G	A	275	3	10
CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	R	A	A	R	393	332	393
A96 Park & Choose / Dyce Drive Link Road	A	A	G	A	1,120	42	120
Sustrans Active Travel Infrastructure Fund	G	G	G	A	424	76	424
					25,413	3,513	8,699

As at Period 9 2018/19					Gross Figures for 2018/19		
Transportation Programme Board Rolling Programmes					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Nestrans - Capital Works	A	A	G	G	0	437	0
Nestrans - Capital Grant	G	G	G	G	2,807	659	2,807
					2,807	1,096	2,807

As at Period 9 2018/19					Gross Figures for 2018/19		
Strategic Asset & Capital Plan Board					Approved Budget	Expenditure to Date	Forecast Expenditure
	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
City Broadband (Accelerate Aberdeen)	G	G	G	G	360	0	0
Technology Investment Requirements & Digital Strategy	A	G	G	G	2,101	287	300
City Deal	G	G	G	G	44	0	18
City Deal: Strategic Transport Appraisal	A	G	G	G	668	0	55
City Deal: Aberdeen Harbour Expansion Project	G	G	G	G	2,000	1,000	2,000
City Deal: Digital Infrastructure	G	G	G	G	1,750	0	150
City Deal: City Duct Network	A	G	G	G	2,000	0	40
City Deal: Transportation Links to Bay of Nigg	G	G	G	G	69	115	123
Human Capital Management	G	A	A	G	800	357	800
City Deal: Expand Fibre Network	A	G	A	A	936	31	647
City Deal: Digital Lead	G	G	G	G	45	26	45
City Deal: Regional Data Exchange	A	G	G	G	150	0	0
City Deal: Sensor Network	A	G	G	G	150	0	0
Construction Inflation	G	G	G	G	14,260	0	14,260
					25,333	1,817	18,438

As at Period 9 2018/19	Gross Figures for 2018/19		
Developer Obligation Projects & Asset Disposals	Approved Budget	Expenditure to Date	Forecast Expenditure
	£'000	£'000	£'000
Aberdeen Tennis Centre	0	49	49
Alex Collie Gym Equipment	0	19	19
Culter Village Hall Windows	0	3	3
Dyce Community Centre Refurbishment	0	271	271
Garthee Alpine Sports Travellator	0	32	32
Hanover Community Centre Kitchen Refurbishment	0	27	27
Inchgarth Community Centre Play Equipment	0	21	21
Pets Corner Refurbishment	0	142	142
Phoenix Club Improvements	0	10	10
Ruthrieston Community Garden	0	7	7
Tillydrone Community Hub	0	52	52
Tory Community Hub	0	109	109
Greenbrae Primary Extension	0	68	68
Countesswells Primary	0	46	46
Cults Primary Modular Classrooms	0	65	65
Kingswells School Acoustics	0	29	29
Car Club - Co-Wheels	0	151	151
Core Path - Deeside Way	0	30	30
Core Path - Kincorth Hill	0	17	17
Core Path - Manor Walk	0	26	26
Core Path - Northcote Path	0	10	10
Core Path - River Don	0	48	48
Core Path - Souterhead Road	0	7	7
Stewart Park Paths	0	7	7
Core Path - TECA	0	37	37
Dubford Road Improvements	0	1	1
Hazlehead Park - Policies Roads Improvements	0	8	8
Maidencraig Flood Prevention Scheme	0	102	102
Cost of Property Sales	0	111	0
	0	1,505	1,394

HOUSING CAPITAL PROGRAMME

Housing Programmes Quarter 3	Approved Budget	Expenditure to date	Forecast Expenditure
	£'000	£'000	£'000
Compliant with the tolerable standard	1,458	696	1,189
Free from Serious Disrepair	12,708	5,942	8,882
Energy Efficient	9,234	4,900	10,369
Modern Facilities & Services	1,945	445	1,237
Healthy, Safe & Secure	4,713	1,937	3,356
Non Scottish Housing Quality Standards	17,190	7,429	17,476
	47,248	21,349	42,509

The Housing capital expenditure budget of £47.248M set in March 2018 assumes that a level of slippage will occur across projects. Forecast expenditure of £42.509m, currently in line with the funded budget, this is based on spend to date on current contracts. Main level of underspend is within Free from Serious Disrepair and relates to reduced spend on structural repairs on the Multi Storeys which has been delayed due to lack of agreement from owners. The table includes the fees for the Summerhill Site which will be incurred in March. This site is part of the Council's plans to provide an additional 2,000 houses. Business cases for individual sites continue to be developed by officers and, subject to approval, will be added to the programme in due course.

COMMON GOOD

As at December 2018	Full Year Budget 2018/19	Forecast Outturn 2018/19	Variance from Budget	Notes
	£'000	£'000	£'000	
Recurring Expenditure	2,885	2,848	(37)	1 & 2
Recurring Income	(3,455)	(3,455)	0	
Budget After Recurring Items	(570)	(607)	(37)	
Non Recurring Expenditure	377	382	5	3
Non Recurring Income	0	0	0	
Net Income	(193)	(225)	(32)	
Amounts required for increase in cash balances in line with inflation	(168)	(168)		
Revised Net income	(25)	(57)		
Cash Balances as at 1 April 2018	(28,289)	(28,289)		
Estimated Cash balances as at 31 March 2019	(28,482)	(28,514)		
2015 stated Cash Balance plus inflation	(24,604)	(24,604)		4

Notes

1. The reduction to the forecast in Recurring Expenditure reflects the saving from removal of a staff post, £37,000
2. Additional budget approved in year to date:
 - CPR training for secondary schools in the City - £5,000 approved at City Growth and Resources Committee on 19 June 2018
3. This reflects the strategy for cash balances agreed at Council, February 2015 to maintain the 2015 stated cash balance with inflationary increases.

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**COMMON GOOD
FINANCIAL STATEMENT
FOR THE PERIOD ENDING
31 DECEMBER 2018**

Contents

Movement in Reserves Statement	2
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Common Good

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

Movement in Reserves Statement

	Common Good Fund	Reserves Fund	Total Common Good
	£'000	£'000	£'000
Balance at 31 March 2018	(114,316)	(68)	(114,384)
Movement in Reserves during 2018/19			
(Surplus) or Deficit on provision of services	(876)	0	(876)
Total Comprehensive Expenditure and Income	(876)	0	(876)
Balance at 31 December 2018	(115,192)	(68)	(115,260)

Comprehensive Income and Expenditure Statement

Quarter 3, 2018/19				
	Gross Expenditure	Gross Income	Net (Income) Expenditure	Notes
	£'000	£'000	£'000	
Administration Costs	16		16	
Donations, Grants, Contributions etc.	323		323	
Civic Hospitality	87		87	
Civic Expenditure			0	
Funding of International Budget	25		25	
Christmas Illuminations & Festivities	36		36	
Civic Administration Unit	92		92	
Other Projects	34		34	
Miscellaneous Expenditure	143		143	
Youth Activity Funding	0		0	
Specific Projects	278		278	
Duthie Park HLF	30		30	
Cost Of Services	1,063	0	1,063	1
Other Operating Expenditure			0	2
Financing and Investment Income and Expenditure			(1,939)	3
(Surplus) or Deficit on Provision of Services			(876)	
(Surplus) or Deficit on revaluation of investment property				4
Total Comprehensive Income and Expenditure			(876)	

Notes

1. This is project expenditure to 31 December 2018.
2. This reflects any gains or losses on the disposal of assets during the year. Disposals will be accounted for at year end.
3. This reflects income receivable from investment properties net of associated expenditure.
4. The revaluation of investment property will be undertaken in Quarter 4.

Balance Sheet

31 March 2018 £'000			31 December 2018 £'000	Notes
86,034		Investment Property	83,869	1
86,034		Long Term Assets	83,869	
27,798		Investments in Aberdeen City Council Loans Fund	31,971	2
61		Investment Property Held for Sale	61	3
843		Short Term Debtors	111	4
28,702		Current Assets	32,143	
(352)		Short Term Creditors	(752)	5
(352)		Current Liabilities	(752)	
114,384		Net Assets	115,260	
(114,316)		Common Good Fund	115,192	6
(68)		Reserve Fund	68	6
(114,384)		Total Reserves	115,260	

Notes

1. The revaluation of investment property will be undertaken in Quarter 4, at which time this figure will be updated.
2. Reflects current cash balances held following transactions to 31 December 2018.
3. Will be reviewed and updated accordingly in Quarter 4.
4. Based on transactions to 31 December 2018.
5. Based on transactions to 31 December 2018.
6. Reflects the accounting value of the funds, based on transactions to 31 December 2018.

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**GROUP ENTITIES
PROJECTED FINANCIAL
POSITION FOR THE YEAR 2018/19**

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

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

For the Financial Year 2018/19	ACC Control	ACC Commitment to meet accumulated deficits	Annual Turnover
	%	%	£m
Subsidiaries			
Common Good	100	100	4
Trust Funds	100	100	0
Sport Aberdeen Limited	100	100	12
Bon Accord Care Limited	100	100	20
Bon Accord Support Services Limited	100	100	28
Joint Ventures			
Aberdeen Sports Village Limited	50	50	6
Aberdeen City Integration Joint Board	50	50	305
Associates			
Grampian Valuation Joint Board	39	39	4

The Council has agreed to include information only when it has been reported through a group entities governance structure.

For the Financial Year 2018/19	Reporting Date	Surplus/(deficit) attributable to the Council at Reporting date	Forecast Surplus/(Deficit)	Comment
		£'000	£'000	
Subsidiaries				
Common Good	31/12/2018	876	32	see Appendices 2 & 3
Trust Funds	-	-	-	information available at 31.03.19
Sport Aberdeen Limited	30/11/2018	187	0	break even position forecast
Bon Accord Care Limited and Bon Accord Support Services Ltd	31/12/2018	591	0	break even position forecast
Joint Ventures				
Aberdeen Sports Village Limited	30/11/2018	(163)	(850)	
Aberdeen City Integration Joint Board	31/12/2018	0	0	break even position forecast
Associates				
Grampian Valuation Joint Board	30/11/2018	49	32	

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

Subsidiaries

Common Good

The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land and buildings, such as industrial estates and farms, with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

The Common Good is forecasting a £32k underspend for 2018/19 mainly as a result of recurring income and expenditure – see Appendix 2. The financial statement for the quarter is shown in Appendix 3.

Trust Funds

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

Financial information for the Trust Funds will be available at year end, 31 March 2019. They are not expected to have a material impact on the Council's financial position for 2018/19.

Sport Aberdeen

Sport Aberdeen Limited is a charity and constitutes a limited company limited by guarantee. The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with key priorities. Although Aberdeen City Council does not own the entity it is considered that control representing power to govern exists through agreements in place and that Sport Aberdeen Limited operates as a structured entity of the Council. The results for the period ended 31/12/2018 show a surplus of £187K.

Sport Aberdeen is forecasting a break even position for 2018/19. This is mainly due to the fact that during the later months of the financial year, a reduction in revenue is expected due to adverse weather conditions.

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

The consolidated position of Bon Accord Care and Bon Accord Support Services shows an overall profit of 591k for the period ended 31 December 2018, compared to a budgeted surplus at this stage of the year of £620k, representing an adverse variance of £29k. An overall break even position for the financial year 2018/19 is currently being forecasted.

Joint Ventures

Aberdeen Sports Village Limited (ASV)

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

The financial year end for ASV Ltd is not aligned to the Council's with its year end being 31 July. The latest available financial information for Aberdeen Sports Village is for the period ended 30/11/2018. This shows that ASV Ltd reported a loss of £326k for the period ended 30 November 2018, the share of the loss being attributed to the Council is £163k.

The forecast of ASV as at 30/11/2018 shows a projected deficit of £1.7m. This would normally be split in a 50:50 ratio between the partners in the Joint Venture; ACC and The University of Aberdeen. However because this is due to depreciation, the partners are not expected to fund any of this deficit but it will rather be funded from ASV reserves.

Aberdeen City Integration Joint Board (IJB)

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

The IJB is currently experiencing budget pressures from the Council side of the budget specifically in Home and Residential Care. Steps have been taken by the management team to mitigate against cost pressures identified.

Work is ongoing on a detailed review of the Carefirst system to ensure all records are current. The executive team is currently working on a savings plan to cover any overspend.

On the NHS side, the budget is currently as originally anticipated. Risks of overspends in prescription services has been identified. The NHS has taken steps within the past couple of months to mitigate against this risks by undertaking a series of structural changes .

The IJB is currently forecasting a break even position. This is based on the assumption that any anticipated overspends will be funded from reserves. The IJB currently holds a risk fund of £2.5m which could be used to cover any possible overspend. It is not expected that the IJB will be seeking any additional funds from the Council or the NHS.

Associates

Grampian Valuation Joint Board

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

The Board has reported a profit of £125k for the period ended 31 December 2018 compared to a budgeted profit of £61k at this stage of the year. This represents a favourable variance of £64k.

The share of the profit attributable to the Council as at December 2018 is £49k.

The projections for the financial year shows that GVJB is expecting a surplus of £144k . It is expected that £82k of this surplus will be transferred to General Fund reserves. The remainder; £62k will be re-distributed to constituent authorities with ACC portion expected to be £32k.

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	7 February 2019
REPORT TITLE	Strategic Infrastructure Priorities and the Scottish Local Government Pension Scheme
REPORT NUMBER	RES/19/188
DIRECTOR	Steve Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Jonathan Belford
TERMS OF REFERENCE	Purpose 1, and Remits 1.1 and 1.2

1. PURPOSE OF REPORT

- 1.1 This report addresses the decision of the City Growth and Resources Committee at its meeting on 27 November 2018, to instruct the Chief Executive to explore how Scottish local government pension funds could invest locally, with specific reference to the strategic infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and City Centre Masterplan with the Chief Officer - Finance providing a report on this matter to the 7 February 2019, City Growth and Resources Committee.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Instruct the Chief Officer – Finance to explore the opportunities for a strategic partnership between the Council and the North East Scotland Pension Fund (NESPF) for the purposes of supporting local infrastructure investment, and to report on the feasibility of this within three committee cycles.

3. BACKGROUND

- 3.1 With ageing infrastructure, increasing demand and new innovations investment in infrastructure throughout the UK is in high demand, with public and private sector joining forces to deliver on expectations across national and local plans.
- 3.2 It is no different locally with investment sought in Aberdeen’s strategic infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and the City Centre Masterplan.

3.3 In investment terms 'infrastructure' is a broad asset class.

The definition of Infrastructure

'The basic facilities, services and installations needed for the functioning of a community or society, such as transportation and communications systems, water and power lines and public institutions including schools, post offices and prisons'

Infrastructure Sectors;

Transport	– roads, airports and ports.
Utilities	– water, electricity and gas grids
Telecommunications	– fibre and broadcast towers
Oil & Gas	– oil storage and pipelines
Social	– hospitals, schools and prisons
Renewable Energy	– wind, solar, hydro and biomass

3.4 In general the Government is responsible for providing infrastructure services to the community, Government however may discharge its responsibility directly or outsource to the private sector. In addition, the private sector may provide infrastructure services if market conditions are right.

3.5 While responsibility rests with Government, infrastructure services can be paid for in different ways, for example from general tax revenues or under 'user pay' arrangements.

UK National Infrastructure Plan

3.6 The UK Government regularly publish a pipeline of future infrastructure projects and projected investment by the public and private sector.

3.7 The latest National Infrastructure Plan pipeline was published by the Infrastructure and Projects Authority and HM Treasury in November 2018.

3.8 The infrastructure pipeline provides a bottom-up assessment of planned investment in infrastructure, across both public and private sectors. The pipeline annual spending figures are expected to average around £61billion p.a. over the next 10 years. Of this, nearly half is expected to be funded by the private sector, predominantly in the energy and utilities.

Infrastructure investment and its challenges

3.9 Infrastructure's economic characteristics can lead to attractive investment opportunities but not all display the same characteristics.

3.10 Providing essential services by infrastructure assets requires government/community involvement and as such;

- Incorporates an explicit or implied cap on returns, resulting in greater emphasis on initial investment assessment, robust valuation and ongoing management.

- Requires responsible and informed long term investing and effective governance.

- 3.11 Whilst infrastructure investments can display lower volatility they are not immune to economic cycles.
- 3.12 Private investment in infrastructure assets is relatively immature and as such there is no readily available access route for non-specialist investors. Also, the regulatory and/or contractual complexity that tend to accompany such investments also act as a high barrier to entry for non-specialist investors.
- 3.13 Mitigating some of the challenges can be achieved by taking significant care and judgement to match opportunities to risk/return requirements. Selecting an access route that delivers an outcome in line with expectations, delivering on not only return but governance.

Infrastructure and the Scottish Local Government Pension Scheme

- 3.14 While there are a few success stories when it comes to the Local Government Pension Scheme (LGPS) investing in infrastructure and local infrastructure there are still many challenges and barriers to overcome.
- 3.15 These challenges and barriers are not only external but are also internal when trying to access these assets.

Areas of consideration;

What type of investment is it

Risk profile

Return/yield expectations

Structure of the investment opportunity

Is it regulatory compliant for the LGPS to invest in

Governance

Resources

Reputational risk

- 3.16 Whilst challenges exist there have been some successes as mentioned earlier, for example Greater Manchester has successfully invested in local infrastructure for many years along with Strathclyde Pension Fund which has had some success in their local area. See background papers referred to in section 9. An extract from the Greater Manchester Annual Report states:

“This year saw a number of significant new acquisitions by the Greater Manchester Property Venture Fund (GMPVF), including the Soapworks on the site of the former Colgate Palmolive factory in Salford adjacent to the Manchester Ship Canal, and a large industrial park at Broadfield, Heywood Rochdale. The GMPVF also sold its holding in the Globe Park Industrial Estate in Rochdale, which had been successfully redeveloped to provide 38,000 square feet of industrial space across 17 units. We’re also a partner in the £800 million project to develop Airport City on land with the Enterprise Zone next to Manchester Airport, and are supporting the construction of a number of new residential and offices developments across Greater

Manchester through a variety of joint ventures, partnerships and finance opportunities, including Matrix Homes, Urban Splash, Select Property Group and Renaker.”

- 3.17 These examples have been achieved through having greater resources, governance structures and appetite from all stakeholders, and importantly identifying opportunities structured in a manner that the LGPS can access.
- 3.18 There are however some legal restrictions. The NESPF had reviewed the option to invest in the Aberdeen City Council Bond. Following due diligence and legal advice the Pension Fund was prevented from participating due to the Pensions Act 1995 Section 40 which restricts employer-related investments.
- 3.19 Employer-related investments relate to *(a) shares or other securities issued by the employer or by any person who is connected with, or an associate of, the employer, (b) land which is occupied or used by, or subject to a lease in favour of, the employer or any such person, (c) property (other than land) which is used for the purposes of any business carried on by the employer or any such person, (d) loans to the employer or any such person, and (e) other prescribed investments,*
- 3.20 The law is therefore clear that the NESPF cannot invest in the capital programme of Aberdeen City as it would be an employer-related investment.

Conclusion

- 3.21 To continue the development of the strategic infrastructure priorities in the City and Region, the NESPF is limited in relation to funding that it might be able to invest due to employer-related investment restrictions. That said a relationship around the subject could developed between the NESPF and the Council. The Council could explore the investment opportunities available in the wider infrastructure priorities identified in the Regional Economic Strategy, City Region Deal and the City Centre Masterplan, specifically how a strategic partnership with the NESPF could be formed to support the future development of the strategic infrastructure priorities.
- 3.22 This could bring skills and knowledge of infrastructure and property assets, access to a range of specialist advisors and other investors / fund managers.

4. FINANCIAL IMPLICATIONS

- 4.1 If a decision were taken to explore the opportunities for a strategic partnership with the NESPF then advice would have to be sought and officer time would be required to undertake the work involved. With appropriate prioritisation the work could be included within existing budget constraints, that is the capacity of staff employed by the Council.
- 4.2 If specialist advice was required then the Council may have to ask for external advice and there is no budget immediately available for this.

4.3 If the NESPF were to incur any costs these would be met by the Pension Fund.

5. LEGAL IMPLICATIONS

5.1 Legal advice was sought in relation to the NESPF investing in the Aberdeen City Council bond issue as mentioned in the report. There may be other legal implications that would have to be explored if a strategic partnership was progressed which may also require external advice. These would be reported at the appropriate time.

6. MANAGEMENT OF RISK

6.1

Management of Risk	
Financial Risks	No risks arising from the report
Legal Risks	The management of risk is a vital component of the governance that would need to be considered and put in place if a strategic partnership were to be progressed. The implications would be reported at the appropriate time.
Reputational Risks	No risks arising from the report
Employee Risks	No risks arising from the report
Customer Risks	No risks arising from the report
Environment Risks	No risks arising from the report
Technology Risks	No risks arising from the report

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Governance	This report links to the 'governance' design principle by ensuring transparency and by providing the necessary information to allow informed decisions to be made and implemented, including performance and improvement measures.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required

Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not required

9. BACKGROUND PAPERS

Links to Greater Manchester and Strathclyde's Annual Report and Accounts.

<https://www.gmpf.org.uk/documents/annualreport/2018.pdf>

<http://www.spfo.org.uk/CHttpHandler.ashx?id=42886&p=0>

10. APPENDICES

None

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ABERDEEN CITY COUNCIL

COMMITTEE	Staff Governance Committee City Growth and Resources Committee
DATE	Staff Governance Committee 31 January 2019 City Growth and Resources Committee 7 February 2019
REPORT TITLE	Staff Travel Policy
REPORT NUMBER	RES/18/150
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Carol Smith
TERMS OF REFERENCE	Staff Governance Committee 4 and 6 City Growth and Resources Committee 1.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Committee approval of the amended staff travel policy.

2. RECOMMENDATIONS

That Staff Governance Committee:-

- 2.1 Comment on the report from a staffing perspective before referral to the City Growth and Resources Committee.

That City Growth and Resources Committee:-

- 2.2 Approve the Staff Travel Policy appended to this report; and
- 2.3 Approve that the policy be implemented from 1st April 2019.

3. BACKGROUND

- 3.1 The Travel Policy was last amended at Finance, Policy and Resources Committee on 7 June 2016. It is due for review under the policy cycle.
- 3.2 Financial restraint is currently a significant challenge for the Council, and therefore all expenditure for travel costs and staff resource must be more

thoroughly considered in respect of the cost and benefits against Council priorities and outcomes.

- 3.3 Given the different Conditions of Service and Codes of Conduct relating to staff and members, it has been decided to have 2 separate Travel Policies. To tie in with the review of the Scheme of Governance in March 2019, the Members Travel Policy will be presented as part of this. The Members Travel Policy will be based on the principles and controls recommended by the Audit, Risk and Scrutiny Committee.
- 3.4 Audit, Risk and Scrutiny Committee on 23 November 2017 agreed in relation to Travel Policy that
- procedures should be put in place to ensure the most cost-effective method of travel is put in place.
 - the approval process for foreign travel should be reviewed.
 - the policy should consider timeliness of travel applications to ensure cost effectiveness of travel.

A streamlined approach to the travel approval process is proposed that meets these criteria.

Approval of Journey Purpose and Outcome:

- Programmes of foreign travel (e.g. for economic development or educational outcome purposes) – approved by relevant Committee in advance of the programme with a business case
- One-off Foreign travel – approved by relevant Committee in advance
- Travel within UK – approved by relevant budget holder

Budget availability and value for money check:

- All travel – approved by relevant budget holder

Approval of exceptions that are allowed within the travel policy (for example special needs requirements or higher cost due to lack of availability of accommodation):

- All travel – relevant Chief Officer

- 3.5 A review has been undertaken to align the policy to the new Scheme of Governance approved on 5 March 2018 to
- Ensure that Powers Delegated to Officers align with this policy.
 - Align the format of the travel policy with other documents in the Scheme of Governance.
- 3.6 A process review has been undertaken by the staff administering the travel process who are moving to the Customer Function, Business Services Team. They have identified several inconsistencies and improvements that have been incorporated into the policy to improve use of resources.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The implications arising from implementation of this revised expenses policy are that it is expected to reduce costs associated with travel outside the City.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report. Data protection implications are covered in the staff privacy notice.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	If the policy is not implemented then there is a risk that the Council spends too much on travel, reducing financial resources available to other priorities and outcomes of the Council.	M	All staff advised of new policy and additional checks required. All responsible staff implement new checks in policy.
Legal	None identified	L	
Employee	There is a risk that employees are exposed to criticism and suspicion that travel and expenses are not necessary and extravagant. .	L	All staff advised of new policy and that additional checks on best value and timeliness are required. Following the policy ensures that employees have a framework and structure to base travel decisions on.
Customer	There is a risk that customers may feel the impact of lower levels of service due to financial resources being used inefficiently on staff travel.	L	All staff advised of new policy and additional checks required. All responsible staff implement new checks in policy.
Environment	There is a risk that lowest cost travel would	L	Ensure that environmental travel records are kept

	not have the least environmental impact.		updated and any increase in environmental impact is reported.
Technology	There is a risk that available technology is not effective	L	Instances where technology is not effective are reported and actioned.
Reputational	There is a risk if the policy is not implemented that there is a reputational impact if the cost/benefit of travel is not sufficiently demonstrated to our customers.	M	<p>All staff advised of new policy and additional checks required.</p> <p>All responsible staff implement new checks in policy.</p> <p>Decision making in relation to travel should be subject to a robust business case that adequately justifies the need for the travel to be undertaken.</p> <p>Reporting on benefits of travelling to events provides the Council with assurance about the need for and benefits gained from incurring that expense.</p>

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	Effective use of travel budget and staff time resource maximises positive impact on economy.
Prosperous People	Effective use of travel budget and staff time resource maximises positive impact on people.
Prosperous Place	Effective use of travel budget and staff time resource maximises positive impact on place.
Enabling Technology	Recognising the benefit of digitisation to support efficient networking, communication and learning will improve how technology is enabled for staff and citizens.

Design Principles of Target Operating Model

	Impact of Report
Customer Service Design	Travel cost and staff time priorities should be aligned to networking, communication and learning opportunities that support customer service design e.g. early intervention and prevention, data management and are aligned to good customer service.
Organisational Design	Travel cost and staff time priorities should be aligned to effective organisational design e.g. a customer centric approach and ensure accountability of resource use.
Governance	Travel cost and staff time priorities should align with principles of good governance.
Workforce	Travel cost and staff time priorities should align with workforce principles e.g. flexibility and empowerment.
Process Design	Travel processes should be effective in enabling the most cost-efficient method to be used, ensuring responsibility and accountability for travel costs and an objective consideration of the cost/benefit of travel is undertaken.
Technology	Travel cost and staff time priorities should maximise effective use of technology.
Partnerships and Alliances	Travel cost and staff time priorities should maximise the opportunity benefit of partnering e.g. shared travel, one partner representative travelling, maximise partnering opportunities.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not Required
Privacy Impact Assessment	Not Required
Duty of Due Regard / Fairer Scotland Duty	Not Required

9. BACKGROUND PAPERS

Finance, Policy and Resources Committee – 7 June 2016 – CG/16/069 Travel Policy, Procedure and Guidance;
 Audit, Risk and Scrutiny Committee – 23 November 2017 – IA/1814 – Travel Costs;
 Council - 5 March 2018 - Standing Orders For Council, Committee and Sub Committee Meetings; and
 Council - 5 March 2018 Powers Delegated To Officers

10. APPENDICES

Appendix 1 – Staff Travel Policy

11. REPORT AUTHOR CONTACT DETAILS

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STAFF TRAVEL POLICY

STAFF TRAVEL POLICY

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STAFF TRAVEL POLICY

1. INTRODUCTION

This policy covers all local, long-distance and foreign travel undertaken by staff employed by or seconded to the Council. It also covers any other traveller (e.g. client) where Aberdeen City Council funds are used to pay for all or part of the travel.

The policy includes travel for teachers on Council business but excludes school trips attended by pupils and teachers which are covered by a separate policy.

All financial transactions undertaken by or on behalf of the Council are also subject to the Council's Financial Regulations that are referenced in section 7.1 of this policy.

The purpose of this policy is therefore to ensure that all travel arrangements:

- Satisfy the purpose of travel;
- Demonstrate due regard for the safety and welfare of the traveller; and
- Offer value for money and meet Financial Regulations.

The policy sets out key principles of compliance, purpose and outcome of travel, cost effectiveness of travel and approval responsibilities.

Appendix 1 to the policy contains detailed guidance for applying the policy.

The Staff Travel Scheme for Aberdeen City Council comprises the policy, detailed guidance and associated request forms and records.

2. COMPLIANCE

It is the duty of all officers employed by the Council to fully comply with this policy. Failure to comply with the requirements contained within this policy and the associated guidance and procedures may result in an investigation under the Council's Disciplinary Policy and Procedures.

Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Officer – Finance. The Chief Officer - Finance may consult other relevant officers, including the Chief Executive, to determine the appropriate action.

Employees who deliberately obstruct or unreasonably fail to provide information to Auditors or any other Officer charged with investigating an allegation within the specified period may be subject to disciplinary action.

3. PURPOSE AND OUTCOME OF TRAVEL

Staff travel within and away from Aberdeen must be for the business objectives of the Council and in fulfilment of its obligations.

For long-distance and foreign travel, a full disclosure of the purpose of travel must be made before the travel is approved. The applicant must set out the intended outcomes of that purpose as aligned to the Local Outcome Improvement Plan Themes - Prosperous Economy, Prosperous People, Prosperous Place and Enabling Technology.

The objectives of the Council include the promotion of and participation in the economic development of the City. These are justifiable purposes for undertaking long distance and foreign travel under this policy.

The travel application form requires travellers and authorisers to confirm purpose of travel and relevant outcomes are justified as priorities for the business objectives of the Council. Any applications which the Business Services Team considers are not fully completed in this respect will be referred to the relevant Chief Officer (or more senior authoriser if applicable).

Where it is concluded from that referral that purpose and outcome justification is insufficient, then the referral may result in refusal to authorise travel, or reimbursement of a lower value in line with the lower cost method of achieving that purpose or outcome.

4. COST EFFECTIVENESS OF TRAVEL

Travellers must choose the best value or lowest cost option and consider whether the travel is necessary, the mode of transport and the time and date of travel.

Travellers are expected to exercise judgement regarding expenses incurred under this policy and to neither personally gain nor lose financially from its implementation.

Timeliness of travel booking is a key factor in cost effectiveness. All travel applications will be completed in a timely way immediately the travel need is identified to make best use of cost effective options.

Business Services can provide advice before the application is made on the best value or lowest cost option.

The travel application form requires travellers and authorisers to confirm cost effectiveness checks and timeliness of the travel booking. Any applications which the Business Services team considers are not compliant in this respect will be referred to the relevant Chief Officer (or more senior authoriser if applicable).

Where it is concluded from that referral that cost effectiveness and timeliness checks are insufficient, then the referral may result in refusal to authorise travel, or reimbursement of a lower value in line with the most timely or cost effective option.

5. ENVIRONMENTAL IMPACT OF TRAVEL

Before booking travel, claimants should consider whether the trip is necessary or whether teleconferencing or video conferencing offer a viable alternative.

When arranging travel, the Council encourages travellers to use modes of transport that results in the least environmental impact. More energy efficient forms of transport such as electric and hydrogen vehicles and low emission vehicles should be considered more appropriate than high emission diesel vehicles.

Records are maintained and monitored of the estimated environmental impact of council travel costs. The Council has a clear intent to reduce the environmental impact of travel by being more efficient and using technology wherever possible.

6. APPROVAL RESPONSIBILITIES

GENERAL RESPONSIBILITIES

All travel and subsistence will be subject to a budget availability and cost effectiveness check by the approved budget holder.

Approval exceptions that are allowed within the policy detailed guidance in Appendix 1 (for example special needs requirements or higher cost due to lack of availability of accommodation) will be approved by the relevant Chief Officer.

Where the travel applicant is a Chief Officer, all approvals will be by their Director and Directors by the Chief Executive. The Chief Executive should seek approval from the Chief Officer - Finance.

6.1 Foreign Travel

The relevant Service Committee will approve programmes of foreign travel for the financial year ahead subject to a business case and ensuring the purpose of travel meets the objectives and outcomes of the Council.

Where a requirement arises for foreign travel during the course of a financial year which was not included within the approved programme of foreign travel, the relevant Service Committee will require to authorise that travel.

6.2 Travel within UK

The relevant approved budget holder will authorise all travel within the UK ensuring the purpose of travel meets the objectives and outcomes of the Council.

Travel in Scotland will be restricted to road and rail networks with the exception of the Northern and Western Isles where sea or air networks may be used.

Travel outside Scotland may involve air networks and therefore the approver should consider carefully the number of participants at events and the higher costs associated with this mode of transport.

6.3 Responsibility of the Chief Officer with the relevant Delegated Powers

The Chief Officer - Finance is responsible for monitoring the Staff Travel Policy. The Chief Officer - Finance shall ensure the Staff Travel Policy is reviewed on an annual basis. Operational experience will be taken into account in this review.

The Chief Officer - Finance may update the Detailed Guidance to the Staff Travel Policy in Appendix 1 following consultation with CMT and the Business Manager.

The Chief Officer - Customer Experience is responsible for administering the Staff Travel Scheme and ensuring arrangements are in place to allow travel to be booked in accordance with this Staff Travel Policy.

6.4 Responsibility of Authorisers

Authorisers of travel and expenses claims, are responsible for checking receipts and ensuring that the claim is appropriate to meet the business needs of the organisation. All individual claims are not re-checked afterwards – they are subject to audit testing and sampling exercises routinely carried out throughout the year.

A claimant cannot authorise their own Travel and Subsistence Claim Forms and similarly cannot authorise their own travel application, foreign currency expenses application, foreign currency float application or similar. Authorisers may delegate their responsibilities to a direct report as a depute to cover for annual leave and sickness, ensuring that the depute is fully aware of their responsibilities.

7. ASSOCIATED DOCUMENTS

In applying this policy, compliance is required with all documents contained within the ACC Scheme of Governance, and specifically with the associated documents set out below.

7.1 Financial Regulations

Financial Regulations are an integral part of the stewardship of Council Funds. Adhering to the Regulations ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency. They form a significant part of the governance of the Council.

https://committees.aberdeencity.gov.uk/documents/s80098/AppE_FinancialRegs.pdf

7.2 Working Time Policy

In relation to undertaking travel to meet business need officers must comply with the Working Time Policy. Summary relevant guidance is included in Appendix 1 – Policy Detailed Guidance Section D.3.

<http://thezone/nmsruntime/saveasdialog.asp?IID=39144&SID=8142>

POLICY DETAILED GUIDANCE

A. DETAILED GUIDANCE – RELEVANT TO ALL TRAVEL

A.1 Booking and Approval

The Council will fund approved, ordinary and necessary travel to undertake the business of the Council. All travel applications must be fully completed, authorised and emailed to Travel@aberdeencity.co.uk or sent to Travel Team, Business Services, Business Hub 15, 3rd Floor South, Marischal College for processing.

All major travel expenses for long distance and foreign travel must be booked by the Business Services Team. This allows the Council to ensure that this policy is observed, to achieve purchasing economies, to reclaim any VAT on purchases, to best use the time of staff, and to meet its duty of care to employees.

A.2 Personal Business

Travel applications must include clear information on any time spent on non-Council business, personal travel, recovery time and any other non-Council related activity.

An employee may extend a business trip for personal reasons if approved in accordance with the booking and approval section of this policy. Claimants must use the normal holiday application process in addition to the travel application when applying for an extension of a business trip for personal reasons.

Incremental costs relating to extension must be paid for personally. It must be clearly demonstrated that Council business was the primary purpose of the visit. Leave records should be appropriately completed.

Council insurance does not cover travellers for the additional days of any extension of a business trip for personal reasons.

Should the time spent on personal business in any one trip exceed seven days the traveller must contact the Payroll team for guidance on the taxation position of any reimbursement made by the Council.

A.3 General Exceptions

The relevant Chief Officer may approve requests for upgrades in class of travel, hotel or additional travel expenses where there is a documented health issue relating to the applicant or their family circumstances with corresponding medical advice that justify the additional cost involved in such a decision. In addition to upgrades, travel arrangements may be generally revised in such circumstances where an additional cost may be incurred to protect the safety and well-being of the traveller.

In the event that the traveller is attending an event hosted at a higher standard hotel, or has a business need for a higher standard hotel, then approval in advance is also required from the relevant Chief Officer.

Where there is an exceptional personal or business need for choosing a travel method that is not the most cost effective option, then approval in advance is also required from the relevant Chief Officer.

Evidence of the reason for such exceptions should be provided to the Business Services Team at the time of the request for a higher class or higher cost of travel in advance of the travel taking place.

A.4 Travel Insurance and Emergencies

The Council has a travel insurance policy with Zurich Municipal. The policy number is QLA-14U003-0013.

This policy covers all Council employees, Councillors and relevant representatives of the council for whom the council has accepted responsibility for travel insurance. The policy covers medical expenses, cancellations, delay, personal effects, etc. while engaged in foreign travel for a business purpose, subject to the policy terms and conditions.

Cover is provided for loss of money or personal property and, where expenses are incurred, receipts will be required to support any claim. In the event of theft, the loss should be reported to the police and a copy of their report obtained. Welfare assistance is also provided such as counselling, legal advice, security advice, bereavement advice.

If personal items such as jewellery, phones/tablets, watches etc. are taken on a trip then these are taken at an individual's own risk and are not covered under the policy, unless damage or loss is caused by an Aberdeen City employee. Should a traveller want such items to be covered then this would need to be arranged by them independently of the council.

In the event of an emergency the number +44 (0)1489 868 888(*Security Assistance*) should be contacted immediately, but in any event within 48 hours of any serious accident or illness abroad requiring in patient hospitalisation, extended treatment or alteration to travel arrangements. The number is available 24 hours a day, including weekends and will accept call collect and reverse charge calls.

No arrangements should be made without involving and obtaining the agreement of *Security Assistance*.

An information letter and emergency phone numbers will be supplied by the Business Services Team as part of your travel information.

A copy of the insurance policy is available from the Business Services Team. Any concerns about the adequacy of this policy should be raised in advance with the Business Services Team so that these can be checked with the insurers prior to departure.

A.5 Safety

The employee and the approver should ensure a suitable and sufficient health and safety risk assessment is carried out, if required for the trip, and appropriate risk controls are in place.

This will identify, for example, any risk due to the country of location of the visit or due to the nature of activities being undertaken.

This form should be submitted to the Business Services Team along with the application form.

On receipt of the application, the Business Services Team will review the application and the risk assessment for relevant health and safety information relevant to the country(ies) being visited.

On receipt of any information from the Business Services Team, the traveller and their line manager will agree any mitigating action to be taken to minimise risk.

It is the employee's responsibility to ensure, as far as practicable, that adequate steps are taken regarding personal safety. This will include maintaining links, and taking advice from, the host where appropriate.

Before travel, the employee should leave a mobile telephone number and/or a contact at the host organisation, with a nominated council contact, which may be the line manager or Business Services Team. The nominated contact should also be provided with a copy of the employee's travel itinerary, including departure and arrival times for the journey, and accommodation details.

On arrival at the employee's travel destination, contact should be made with the council nominated officer to confirm arrival. This could be via text, telephone or email depending on time of arrival and the most practical way to maintain contact.

Travellers who may have specific health issues or who are not British Citizens are strongly advised to obtain their own travel advice in relation to the information that will be supplied as a result of these checks as the Business Services Team will not have access to personal information about each traveller.

A.6 Calculation of monetary rates applicable

HMRC produces tables of subsistence rates that provide a measurable value for different countries and in some cases different cities / regions in countries. These represent 'moderated' values for each country that HMRC will allow to be 'given' to an individual by an organisation up to which HMRC is not to be considered for tax purposes. These tables are broken down into different elements of subsistence to provide a framework that can be used to make calculations for advance payments and they provide a reasonable basis upon which to base a scheme for individuals travelling abroad.

The Council uses these as the basis for its currency calculations for staff travelling abroad in respect of hotel and expense advance payments. All such travel living expenses have to be receipted. The full value of the currency advance payment will require to be accounted for and any balance remaining unspent along with receipts must be returned.

These will be updated in consultation with the Accounting team on an annual basis adjusted for the Consumer Price Index for Restaurants and Hotels.

B. DETAILED GUIDANCE FOR TYPES OF TRAVEL

B.1 Air Travel

Flights will be booked using the cheapest available Economy class fare (or equivalent), buying tickets with fixed dates and times. The cost of tickets will be considered in terms of “overall value for money” and factors such as the predictability of travel plans, airline schedules and connection times may mean that a more expensive ticket provides better value for money under a specific set of circumstances.

The Business Services Team will consult with the applicant regarding appropriate flight time and carrier arrangements and to allow sufficient rest time following the flight. Flight arrangements will be made by the Business Services Team giving due weight to the three criteria of travel set out in the Purpose and Scope of this document. If the applicant wishes to extend the trip for personal reasons, then this should be made clear in advance to the Business Services Team with any excess cost being agreed to be funded by the applicant.

While the traveller may retain frequent flyer benefits, these must not result in any incremental cost to the Council.

B.2 Hotel Accommodation

Hotel accommodation will be booked in a convenient hotel to the business location. The hotel standard will be booked by the Business Services Team with reference to HMRC guideline rates dependent on the location. The Business Services Team will take advice from the Travel Partner on suitable accommodation options and where appropriate safety advice from the UK Foreign and Commonwealth Office (FCO) will be considered when making bookings.

Where the cheapest available accommodation exceeds HMRC guidelines by up to 10% the Business Services Team may approve the higher cost. If the cost exceeds this guideline then it must be referred to the Chief Officer-Finance.

Wherever possible, breakfast should be included in the hotel rate. If this is not possible, the cost of breakfast should be claimed in accordance with guidance on living expenses. In the UK where possible, an evening meal will also be booked.

Upgrades to executive floors / rooms are not acceptable unless the hotel offers them on an entirely complimentary basis (as could be the case for frequent visitors).

Local hotel accommodation may be booked in exceptional circumstances where because of operational needs the traveller would be required to undertake travel during unreasonable anti-social hours and/or where it could expose the employee to an inappropriate level of personal risk.

B.3 Ground Transport

Train travel will be booked in a class equivalent to UK standard class, buying tickets with fixed dates and times. If the applicant is in possession of a rail card, then this should be notified at the time of application for the Council to benefit from any relevant discounts.

Buses offer a cost-effective means of travel and will be considered as an option for local and long-distance travel.

Hire cars will be booked using a category sufficient for the number of passengers and luggage to be carried. The Business Services Team will make the necessary arrangements using the relevant Travel Partner. Hire cars should be considered as they can be a value for money option to meet the business need. Situations and circumstances where this should be used are where the cost of group travel by public transport is excessive, inaccessibility of the destination by public transport, personal safety, travel time and, weight of luggage.

Taxi use should be restricted to situations where personal safety, travel time, weight of luggage, inaccessibility of destination by public transport, or the cost of group travel by public transport makes a taxi journey clearly necessary.

B.4 Car Travel

The hire of cars (as referred to in the section above) and use of the Co-Wheels car club (<http://www.co-wheels.org.uk/>) scheme is usually the first and most cost-effective option.

If a private car is the most cost-effective method of ground transport the Council will pay mileage for the actual distance covered for business purposes.

It is the traveller's responsibility to ensure that the vehicle is roadworthy at all times and is taxed and has a current MOT certificate (if an MOT certificate is legally required). Travellers must also ensure that they have a valid driving license and that they have the relevant business use motor insurance in place at the time of travel. The cost of adding business use onto a personal motor insurance policy cannot be claimed by the traveller.

Mileage claims are made by a Travel and Subsistence Claim form.

Parking, congestion charges, tolls, ferries and other driving-related penalties

Reasonable expenses incurred on parking, congestion charges, tolls and ferries may be claimed in respect of journeys which qualify for the mileage payments above. Receipts or other documentary evidence should be submitted as part of the claim.

Charges for overnight parking will be paid only when subsistence expenses are payable for the night(s) in question.

Should an employee be liable for clamping or other parking / congestion charge penalty (e.g. because a meeting over runs or due to non-payment of a congestion charge) then reimbursement of the charge will not be made. Similarly, reimbursements will not be made to an employee who receives a fine or other financial penalty relating to an offence committed whilst driving on Council business (e.g. for speeding or for using a hand held mobile phone or similar device). **Employees are required to notify the Council of any such offences and penalties.**

C. DETAILED GUIDANCE FOR LIVING EXPENSES

C.1 Foreign Currency Advance Payment Application

For foreign travel, an advance payment to cover travel living expenses will normally be paid by means of a currency application in advance of travel. This will include an advance payment to cover breakfast, lunch and dinner based on HMRC recommended guidelines for the location to be visited. If meals have been booked as part of the travel arrangements or are provided by the host, then that will not be included in the currency advance payment. In addition, if it has not been possible to pay hotel costs in advance, it will include an advance payment for the hotel.

All such travel living expenses have to be receipted. The full value of the currency advance payment will require to be accounted for and any balance remaining unspent along with receipts must be returned to the Business Services Team within seven days of returning to Aberdeen. All cases of non-compliance will be referred to the relevant Chief Officer and may result in recovery of advance payments.

It is the responsibility of the traveller to notify the Business Services Team of meals (or other living expenses) supplied as part of the travel / conference arrangements

The advance payment will be based on the time the traveller is expected to be based in the foreign location based on 24-hour, 10 hour and 5-hour time periods up to the total expected time away. Calculations will be based on the scheduled time of arrival in the first country outside the United Kingdom of Great Britain (UK) and the scheduled time of departure of the route returning to the UK. Living expenses outside these times will be deemed UK travel and claimed in the normal way (see C.3. below).

The currency issued will be in the relevant local currency of the destination country. If more than one country is being visited, then this will be identified in the itinerary and a relevant split of currency will be made based on the time spent in each destination.

C.2 Foreign Currency Float

In addition to the foreign currency application, the traveller may apply for a float to meet the cost of minor travel expenses. **Floats for overseas travel must be submitted to the Chief Officer with the relevant delegated powers for approval. The full value of the Float will require to be accounted for and any balance remaining unspent must be returned to the Business Services Team within seven days of returning to Aberdeen.**

The Foreign Travel Float application should detail the itinerary of the traveller(s) and any specific minor travel expenses that are known and likely to be incurred, e.g. taxis or hospitality. In general, a sum of £25 per 24 hours and part thereof will be calculated for minor travel expenses unless there is a clear and demonstrable need to provide a greater value on any day.

The currency issued will be in the relevant local currency of the destination country. If more than one country is being visited, then this will be identified in the itinerary and a relevant split of currency will be made based on the time spent in each destination.

C.3 Travel and Subsistence Claim Form

For UK travel, living expenses will normally be paid by completion of a travel and subsistence claim form after travel has taken place. All such expenses must be receipted (in the unusual event that no receipt is available full justification / explanation must be given and accepted by the authorising manager).

Travel and subsistence claim forms may not be used for recovering travel expenses that should be booked through a Business Services Team.

Payroll will forward a copy of all foreign travel expenses claims to the Business Services Team to confirm that the claimant has not already received currency to cover the costs either through Foreign Currency Expenses, Foreign Currency Float or the Corporate Credit Card.

All Travel and Subsistence Claim Forms must be authorised by the claimant's line manager or other authorised signatory who is senior to the claimant.

C.4 Use of Corporate Credit Card

Corporate credit cards are allocated based on the business need of the postholder and will be offered to staff who have a regular business need to undertake long distance travel.

If the traveller is in possession of a corporate credit card, they may use it in lieu of the foreign currency float, the foreign currency expenses application or instead of the travel and subsistence claim form.

Corporate credit cards may not be used for recovering travel expenses that should be booked through a Business Services Team.

Credit card bills will be monitored and reconciled by the Business Services Team. Reference must be made to specific guidance on the use of corporate credit cards. Any misuse of the corporate credit card will be referred to the Chief Officer - Finance and is subject to the Council's disciplinary policies.

C.5 Inadmissible living expenses

Expenses the Council will NOT pay for:

Personal telephone calls;
Personal internet access;
Parking fines and traffic offences;
Mini-bar or in-room entertainment;
Newspapers;
Clothing or any other items that the traveller may reasonably be expected to bring from home;
Excess luggage costs, unless the traveller is required to travel with significant quantities of business materials or equipment. This should be identified at the time of booking major travel expenses so that the Council can take account of reduced rates for booking this in advance;
Laundry costs and dry-cleaning (except where the period of travel covers more than 5 days);

Membership of airline frequent flyer / loyalty schemes or similar;
Alcoholic drinks, tobacco products, personal gratuities;
Expenses the Council will NOT pay for (cont.):

Travel Insurance;
Equipment, materials or services that should be bought through the normal procurement process e.g. computers, phones.

Any claim that contains an item listed above (or similar) will require explicit approval by the relevant Chief Officer. In a travel emergency, the situation may arise where such expenditure may be appropriate.

D. MISCELLANEOUS DETAILED GUIDANCE

D.1 Entertaining and Gift Expenses

The offering and accepting of hospitality may be a legitimate expense to meet business objectives such as building international networks and undertaking business transactions. If the travel requires business entertaining or presentation of gifts, then:

Any entertainment or gifts provided must be consistent with the image and reputation of the Council as a UK public body that is subject to full public audit;

An expenses claim must be submitted with the name(s) of the beneficiaries, included any staff members in attendance. This will be held with the register of gifts and hospitality that each Chief Officer holds as per the Financial Regulations; and

The cost must be within the approved budget.

If the traveller is offered hospitality or gifts (other than small business items such as pens, folders, diaries, calendars, etc. with an estimated combined value of less than £30) while undertaking travel, then a full declaration must be made in the Register of Gifts and Hospitality.

Gifts and hospitality must not be offered or accepted in any way that could be construed as a bribe or inducement.

Working lunches or dinners can be an appropriate method of business provided that no extravagance is involved, and the occasions are infrequent (infrequent is defined as fewer than 4 times in a 12-month period). Where there is a business need for increased frequency then this should be discussed and agreed by the relevant Chief Officer and paid for from within approved budgets. Likewise, it can be reasonable for an officer to represent a Service of the Council at an external social function or event organised by outside bodies.

Gifts and hospitality should be in accordance with the Council's Financial Regulations and reference should be made to them for additional guidance.

D.2 Travel Funded by Grant Expenditure

Travel costs that are met by grant expenditure are subject to the same policy as all Council travel. The traveller should ensure that the Council maximises the income to the Council in respect of that travel and grant claims are made in a timely and effective way.

D.3 Working Hours Whilst Travelling

Staff should ensure that they comply with the Council's Working Time Policy. Relevant extracts are summarized below:

The Council's definition of working time is as follows:

- When workers are working at an office, depot, Council building, or from home as an authorised activity
- When workers are engaged in work regardless of where that work is performed

Travel time (but only within the City boundary) will count as working time except where the activity is planned (e.g. evening meetings).

The following is not classed as working time –

- Breaks when no work is done, e.g. lunch breaks.
- Travelling outside of normal working hours.
- Travel to and from work (where the employee has a fixed place of work).

In considering the cost/benefit of travel activity, officers should be mindful of the opportunity cost of time resource lost to other priority activities for staff and not just consider travelling expenses.

D.4 Monitoring of Expenditure

All major and minor travel expenses are subject to regular checks and performance monitoring information is gathered in respect of expenditure. Reports of expenditure may be presented to the Chief Officer Finance and Corporate Management Team and in general this would normally be anonymised. Attention may, however, be drawn to trip activity of high volume claimants.

From time to time the Council may be required to publish information relating to expenses claimed for instance in response to a Freedom of Information request.

Definitions

The following definitions are used in this document.

- Local travel means travel within Aberdeen City Council boundaries.
- Long-distance travel means travel outside Aberdeen City Council boundaries but within the UK.
- Foreign Travel means travel outside of the United Kingdom of Great Britain and Northern Ireland (i.e. outside Scotland, England, Wales and Northern Ireland)

Major travel expenses mean the costs of purchasing flights, train tickets, inter-city buses, car hire, visa costs and accommodation (including breakfast) that should normally be booked in advance.

Minor travel expenses mean the costs of taxis, local buses, car parking, business telephone calls and other incidental items incurred while travelling for business purposes.

Car mileage expenses – expenses paid for travel undertaken by personal vehicle.

Living expenses include the cost of meals, service charges, drinks, phone calls and similar costs. Those that can and cannot be claimed from the Council are referred to in the relevant section.

Foreign Travel Float means a sum of money provided in advance of foreign travel that enables travellers to meet minor travel expenses.

Authoriser a person with the authority to approve travel, generally this will be a budget holder and reference should be made to section 6 of the policy for further advice.

Business Services Team means a person authorised to make bookings for major travel expenses (member of the Business Support Transactions Team).

Travel Partner is one or more companies contracted to provide travel services to the Council as organised by the Business Services Team.

Long-haul flights are those flights (including necessary same-day flight connections) outside Europe.

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	7 th February 2019
REPORT TITLE	World Energy Cities Partnership AGM, Presidency and Travel
REPORT NUMBER	PLA/19/178
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Matt Lockley
TERMS OF REFERENCE	2.2 determine the Council's strategies for city growth and place planning except in relation to major infrastructural planning; 2.3 consider reports on key actions by the Council towards the delivery of the Regional Strategy and the Inward Investment Plan; 7.2 appointments to outside bodies

1. PURPOSE OF REPORT

- 1.1 To request consideration of the Lord Provost seeking the Presidency of the World Energy Cities Partnership at the organisation's next AGM and to request approval for travel to CERAweek in Houston in March 2019.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Approve the Lord Provost seeking nomination to become the President of the World Energy Cities Partnership at its AGM in September 2019 and note the wider opportunities this would bring for the city; and
- 2.2 Approve travel and accommodation for the Lord Provost and one officer to attend CERAweek in Houston in March 2019.

3. BACKGROUND

World Energy Cities Partnership AGM

- 3.1 The Council is one of five founding members of the WECP, which was established in 1995. Today, the partnership has 20 member cities from across the world, all of which are established energy capitals within their respective

countries or markets. The initial focus was on the oil and gas sector, but in recent years the partnership has extended its scope to cover renewable energy, reflecting the new and innovative technologies in wider energy production.

- 3.2 The WECP meets formally twice each year; once for a working meeting alongside the Offshore Technology Conference in Houston and once in the autumn for its AGM. The latter meeting is hosted by a different member city each year following a competitive bidding process. Recent hosts have been Rio de Janeiro (2015), Cape Town (2016), Halifax (2017) and Kuala Lumpur (2018). Aberdeen's bid to host the 2019 AGM in the city was approved at the 2018 AGM in Kuala Lumpur.
- 3.3 Aberdeen will host the WECP AGM alongside Offshore Europe (OE) in September 2019. OE runs from Tuesday 3rd to Friday 6th September. The WECP AGM is deliberately scheduled to overlap with this so that incoming international delegations can spend time at OE before the WECP's formal programme commences. That will run from the evening of Wednesday 4th to the lunchtime of Saturday 7th September.
- 3.4 The WECP AGM presents a significant opportunity to promote Aberdeen on a global stage. Officers and WECP secretariat are developing a programme and it is anticipated that it will commence with a Networking Reception and conclude with the formal Annual General Meeting itself on the morning of Saturday 7th September. There will be a formal AGM dinner on the evening of Thursday 5th September, hosted by the Lord Provost. Other activity will include:
 - Ministerial contributions from the UK and Scottish Governments;
 - A joint programme with the OE conference organisers, the Society of Petroleum Engineers;
 - Industry visits to Aberdeen's tier one supply chain companies and major projects;
 - Seminars hosted at some of the city's key initiatives such as the Oil and Gas Technology Centre (OGTC).
- 3.5 Relevant Chief Officers have met to discuss how their functions can support the delivery of a first-class global event. Early priorities are focussed on the digital aspects of hosting the event as a new web platform will need to be available by the spring of 2019 to enable delegates to book accommodation and register for the event. A marketing and communications plan is also being developed. Officers from City Growth are working closely with external partner organisations (including VisitAberdeenShire, OGTC, Aberdeen & Grampian Chamber of Commerce) and with the Lord Provost's office on programme content and collaboration opportunities.

World Energy Cities Partnership Presidency

- 3.6 The Lord Provost of Aberdeen has been the Vice-President of the WECP since January 2018. The period of office is two years, concluding in December 2019. A vote on a new President and Vice-President will take place at the AGM in Aberdeen in September 2019. Mayor Savage of Halifax, Canada, is the

incumbent President but he has indicated that he will not seek another term as President as he has held the office for four years.

3.7 The byelaws of the WECP state that:

3.7.1 *The President shall be nominated from among the Board of Directors [i.e. the Mayors / civic leaders] by two members of the Board of Directors prior to the last AGM of the current two-year term. Following nomination, the candidate city will submit a statement of interest to the Board of Directors through the General Secretariat for consideration at the next duly convened meeting [in this instance, the AGM in Aberdeen] where a quorum of voting Directors are present. A majority of voting Directors will confirm the President.*

3.8 Should Committee consider that seeking the Presidency would be a positive step for the Lord Provost and the city, the Lord Provost would then need to work with his counterparts to secure nomination from two members of the Board of Directors. It is likely that any discussion and confirmation of this could be undertaken at the WECP's Working Group meeting in Houston in May.

3.9 Holding the Presidency of the WECP could bring significant benefits to Aberdeen. The below are some examples that Halifax, the current hosts of the Presidency, have provided and endorsed:

- The Lord Provost and the city would have enhanced international profile as the President of the WECP is routinely invited to speak at major events in the international energy calendar;
- Invaluable profile raising in market for Aberdeen at WECP events – i.e. the annual working group meetings in Houston and the rotating AGM – where the President acts as spokesperson for the partnership but is also able to promote their own city;
- The Presidency brings VIP access to both public and private meetings with government ministers and business and civic leaders. Significantly enhanced leadership role for Aberdeen with much larger cities and capitals;
- It provides more opportunities to promote the city as an international trade and investment hub, and developing relationships for the city and businesses;
- Potential cost savings as the WECP allocates a \$10,000/year budget to support the President's travel; and
- The President also has an important role in strategic leadership for the WECP organisation, with opportunities to shape how the partnership develops into the future

3.10 If successful, the Lord Provost's holding of the Presidency would commence formally in January 2020 and conclude in December 2021. It is possible that there could be additional travel requirements (estimated to be no more than two additional trips per year) for the Lord Provost. These could be related to visiting WECP applicant cities or cities that have disengaged from the partnership (for example, in his role as president, Mayor Savage visited Doha in spring 2018 with a view to seeking their reengagement).

CERAAweek, Houston, 11th-15th March 2019

- 3.11 The WECP has secured a pilot partnership with CERAAweek, the world's leading energy forum, for March 2019. A letter from Mayor Turner of Houston (Secretary General of the WECP) setting out the invitation to join CERAAweek and the agreement between CERAAweek and the WECP are appended to this report.
- 3.12 A specific programme (Future of Cities) has been agreed which will give WECP Mayors and civic leaders the opportunity to have a direct dialogue with some of the global energy executives and senior members of the policy, financial, industrial and technological communities who attend the event. In addition, the partnership includes:
- A high-profile speaking role at the Future of Cities session;
 - Mayors Reception: a VIP, invitation only event during the conference;
 - Complimentary CERAAweek passes (which retail at \$8,000) for Mayors / civic leaders and two officers – giving access to all of the conference programme, industry networking and insight sessions;
 - Access to private meeting space for discussions with senior global energy leaders;
 - Complimentary passes to the CERAAweek Innovation Agora, which provides cities with the opportunity to profile their clean energy initiatives
- 3.13 Subject to Committee approval, it is proposed that the Lord Provost and one officer attend CERAAweek in March 2019. Given that two officer passes are available, enquiries are being made with other interested parties (i.e. the Oil and Gas Authority and the Oil and Gas Technology Centre) as to their potential attendance to promote Aberdeen (at their cost in terms of all travel and associated expenses).

4. FINANCIAL IMPLICATIONS

- 4.1 The financial implications of hosting the WECP AGM were noted in the report to CG&R in June 2018 (PLA/18/031). The costs associated with the AGM will be robustly monitored and managed throughout the development and implementation phases but it is anticipated that costs associated with hosting the WECP AGM will not exceed £60,000. These will be met from existing budgets, subject to the Council's annual budget setting process for 2019/20. A targeted approach to securing financial contributions from potential collaborators has been initiated, led by the Lord Provost. Any contributions secured will be used to offset the overall costs of hosting the event.
- 4.2 If the Lord Provost and Aberdeen were successful in seeking to hold the Presidency of the organisation, there could be additional financial implications for international travel. The WECP has a budget of \$10,000 per year to support the President's travel costs which would go some considerable way to offsetting the Council's costs. Beyond that, travel costs would be managed through City Growth's international trade budget, subject to this being confirmed in the Council's annual budget setting process.

- 4.3 The implications of this are that some international travel to support the Council's Trade Plan or participation in EU Partnerships may need to be ceased.
- 4.4 In addition, there would be additional staff resource needed if Aberdeen holds the Presidency. The Council would have to confirm a lead officer to support the strategic development of the partnership and to manage the relationship between the President and the formal secretariat, which is hosted by the City of Houston. The lead officer also chairs several of the Officer Committees of the partnership and has a key role in advising the Board of Directors. Officers recommend that the lead officer role can be accommodated within the existing City Growth function, on the assumption that it is prioritised over other areas of work. It is also anticipated that there may be additional requirements for supporting the Lord Provost in terms of correspondence, requests for meetings and communications and PR. It is anticipated that this resource will be made available from within the Civic Office function.
- 4.4 Maximum anticipated costs for attendance at CERAAweek in Houston are estimated at £5,000. Costs can be met from the Lord Provost's international travel budget (Common Good) for 2018-19.

5. LEGAL IMPLICATIONS

- 5.1 The WECP is a non-profit corporation organised under the laws of the State of Texas, United States of America (USA). It is governed by Bylaws which set out how the WECP is to operate. This means that if any legal advice is needed on the governance arrangements of the WECP it will need to be provided by lawyers qualified to advise on the law of the State of Texas, USA.
- 5.2 Additionally, any lawsuits brought against the WECP are likely to be dealt with under the law of the State of Texas, USA (as it is the place which holds the power to make legal decisions and judgements ("jurisdiction"). The instruction of lawyers who are qualified to advise on the law of the State of Texas, USA and any necessary attendances at legal courts within the State of Texas, USA, will have cost implications.
- 5.3 In terms of appointments to Outside Bodies such as the WECP, the Council's Policy for the Appointment of Elected Members to Outside bodies should adhered to. This Policy sets out:
- the criteria that will inform recommendations to the Council in respect of appointments or nominations of Elected Members to Outside Bodies; and
 - the responsibilities of Elected Members once appointed to an Outside Body.
- 5.4 In 2018, the Council's legal team undertook a largescale review of Elected Members appointments to Outside Bodies. The Appointment of an Elected Member to the WECP being confirmed as acceptable. As set out in Section 3

Environment	No risks identified	NA	None
Technology	No risks identified	NA	None
Reputational	There is an expectation amongst partner cities that Aberdeen will seek the Presidency in 2019, given that it currently holds the Vice-Presidency. Potential fallout for the partnership if decision is taken not to proceed.	L	Proceed to seek nomination for Presidency. Alternatively, make it clear as early as possible that Aberdeen will not be pursuing the Presidency so that partners can discuss other options.
	CERAweek – there is a risk that Aberdeen will not be perceived as a significant global player if it does not attend the event.	M	Attendance at the event.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	<p>Aberdeen City Council's active participation in the World Energy Cities Partnership is focussed on the opportunities that the partnership brings for developing trade and investment relationships with the 19 other cities that form the partnership. Examples of this include bilateral activity with cities such as Halifax and Barranquilla, where WECP membership has facilitated the development of business opportunities to the mutual benefit of each city. Trade missions between WECP partner cities are common and Aberdeen regularly hosts trade delegations from its WECP partners.</p> <p>The City Council's work with the WECP supports the Regional Economic Strategy's objectives around internationalisation of the economy and, related, inward investment. Invest Aberdeen is a new initiative to deliver increased inward investment to the city region and WECP membership is a significant advantage in this regard.</p> <p>Hosting the AGM and an associated business-to-business programme will result in a diverse range of</p>

	<p>international opportunities being showcased in Aberdeen and it is anticipated that trade associations and agreements will be a positive outcome.</p> <p>If Aberdeen is successful in seeking the Presidency of the organisation, there will be significant additional opportunities to promote the city on the world stage and at global events.</p> <p>All of this activity contributes to the Prosperous Economy theme of the LOIP as it is focussed on the creation of jobs and value add to the Aberdeen economy in terms of international diversification.</p>
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Design Principles of Target Operating Model	
	Impact of Report
Partnerships and Alliances	The report seeks approval for continued work across international partnerships and a central, high-profile role for Aberdeen in the WECP in 2019. It should also build on strong partnerships with the UK and Scottish Governments in delivering a major international trade and investment event.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	None required.
Privacy Impact Assessment	None required.
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

[World Energy Cities Partnership – annual review](#) (CHI/17/203) – report to Communities, Housing and Infrastructure Committee, 29th August 2017, recommendations approved.

[World Energy Cities Partnership and international trade opportunities](#) (CHI/18/014) – report to Council, 5th March 2018, recommendations approved.

[Inward investment and trade priorities](#) (PLA/18/006) – report to City Growth and Resources Committee, 24th April 2018, recommendations approved (with amendments).

[World Energy Cities Partnership AGM](#) (PLA/18/031) – report to City Growth and Resources Committee, 19th June 2018, recommendations approved.

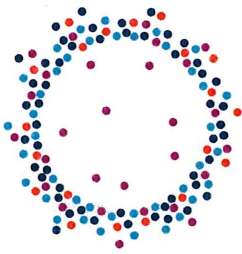
10. APPENDICES (if applicable)

- (A) Letter of invitation to CERAweek from Mayor Turner of Houston;
- (B) CERAweek letter of understanding

11. REPORT AUTHOR CONTACT DETAILS

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November 8, 2018

The Honorable Barney Crockett
Lord Provost
Aberdeen City Council
Town House, Broad Street
Aberdeen, Scotland AB101LP, United Kingdom

Dear Lord Provost Crockett:

On behalf of the World Energy Cities Partnership (WECP) and the City of Houston, I am pleased to invite you to speak and participate in the “Future of Cities” program at CERAWeek, in Houston (March 11-15, 2019). This program is designed to provide thought leadership dialogue on policies and new strategic approaches to advance energy innovation and investment in clean technology in cities. Our remarks will be very timely and of great significance for this influential gathering of over 4,200 top global energy executives, leading members of the policy, financial, industrial, and technology communities, and top investors, representing 75 countries.

I believe you will find CERAWeek and the interactions there of considerable value and I hope you will join me in bringing the voice of cities to this outstanding event. CERAWeek, now in its 38th year, is widely considered to be one of the most prestigious annual meetings of the global energy industry and receives strong media attention, with over 300 international media representatives.

This conference will provide us with a unique leadership platform to share our thoughts and perspective about emerging initiatives and opportunities to accelerate innovation and clean energy investment. The Mayoral program will include:

- High-profile speaking role on Future of Cities session, a strategic forum with Mayors, to be featured in the CERAWeek Innovation Agora and digitally distributed to a wide global audience; high-level, invitation-only dialogue with Mayors, senior energy executives, thought leaders and investors.
- Mayors Reception, an invitation-only, high-level gathering at CERAWeek;
- Complimentary CERAWeek passes for you and two staff members to participate in CERAWeek, including opportunities for high-level industry networking and participation in insight sessions that explore specific topics such as transportation and mobility, EVs and electrification, resilience, cybersecurity, hardening of the grid – plus hydrogen, fuels of the future, and more;
- Access to bilateral meeting spaces for you to engage in private discussions with senior energy executives and investors attending CERAWeek;
- Complimentary passes to the CERAWeek Innovation Agora for up to ten delegates to advance and to profile your clean energy economy – including start-ups, academic experts and members of your staff.

To confirm your participation, or should you have any questions, please contact Mr. Thomas Pommier, Executive Director of WECP, at secretariat@energycities.org or at (+1) 832-393-0829.

I look forward to welcoming you to Houston in the spring and wish you well in all of your current endeavors.

Sincerely,

Sylvester Turner
Mayor – City of Houston
Secretary General – World Energy Cities Partnership

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CERAWEEK[®]

by IHS Markit™

CERAWEEK 2019

Future of Cities and
Mayors' Program

Letter of Understanding

Presented to the World Energy
Cities Partnership

November 2018



Background

The World Energy Cities Partnership (WECP) is comprised of leading international energy capitals. Member cities actively seek and develop opportunities to learn, exchange, and engage in activities which strengthen multilateral ties. The WECP primarily serves to facilitate business-to-business interaction, partnerships in energy-related activities, and the sharing of industry knowledge, contacts, and experiences, while providing a worldwide network of industry support services and resources.

CERAWeek is the premier international thought leadership gathering on energy and the environment -- attracting CEOs, public officials, and key decision-makers from the global oil, gas, electric power, technology communities -- as well as the industrial, financial, academics, automotive and chemical sectors. Based in Houston and now in its 38th year, CERAWeek convenes annually some 4000+ senior participants, including some 1,000 C-suite executives, -- plus 300+ members of the global media and over 40 ministers and top government officials. Our mission is to help forge engagement and dialogue on the energy and environmental future; foster relationships and connections, gain insight, and shape investment strategies.

The CERAWeek Innovation Agora has become a premier international “market place for ideas” on new energy solutions and climate mitigation technologies; and a destination for innovators, startups, investors, technology firms, renewable pioneers and thought leaders, as well as traditional energy companies. CERAWeek 2019 will be held on March 11-15, 2019 in Houston Texas.

Objectives

The “Future of Cities” program at CERAWeek is designed to provide thought leadership dialogue and to generate high visibility on the role of cities in driving innovation and the clean energy transition. The focus is on policies and new strategic approaches to advance energy innovation and investment in clean technology. The conference will provide a unique high visibility platform for Mayors to participate; to share knowledge, experiences on emerging initiatives and opportunities to accelerate innovation and clean energy investment.

Approach and Deliverables

This **Letter of Understanding** is meant to outline the terms of an agreement between CERAWeek by IHS Markit and the World Energy Cities Partnership (WECP) for CERAWeek 2019, March 11-15, 2019.

As part of this agreement, the WECP will arrange for 4-8 Mayors to attend and speak at CERAWeek 2019. WECP will invite Mayors via a letter from Sylvester Turner, Mayor - City of Houston and Secretary General – World Energy Cities Partnership, to the members of the WECP. CERAWeek will provide the following benefits to the Mayors in attendance under this agreement:

- High-profile speaking role on Future of Cities session, a strategic forum with Mayors, to be featured in the CERAWeek Innovation Agora and digitally distributed to a wide global audience;
- Mayors Reception, an invitation-only, high-level gathering @ CERAWeek;
- Complimentary CERAWeek passes for you and two staff members to participate in CERAWeek, including opportunities for high-level industry networking and participation in insight sessions that explore specific topics such as transportation and mobility, EVs and electrification, resilience, cybersecurity, hardening of the grid – plus hydrogen, fuels of the future, and more;
- Access to bilateral meeting spaces for you to engage in private discussions with senior energy executives and investors attending CERAWeek
- Complimentary passes to the CERAWeek Innovation Agora for up to ten delegates to advance and to profile your clean energy economy – including start-ups, academic experts and members of your staff
- Recognition of WECP as “Agora Associate” at CERAWeek 2019
- CERAWeek will provide a contact for Mayors’ staff to reserve hotel room at Mayors’ (city’s) expense; all other travel arranged by Mayors’ staff
- Dedicated CERAWeek liaison to help facilitate and support the Mayors at CERAWeek

Timeline and Next Steps

November	Decision to proceed Invitation letters sent from Secretariat to WECP Member Cities
Dec-Jan	Program development and possible speaker confirmations Mayors' staff and WECP Members arrange travel and accommodations Mayors and WECP plan outreach to promote their participation at CERAWeek and the Innovation Agora
January	Mayors and WECP plan outreach to promote their participation at CERAWeek and the Innovation Agora WECP and Future of Cities program included in promotional activities for CERAWeek and the Innovation Agora
February	Final CERAWeek and Innovation Agora program developed and Mayors' Reception planned
March 11-15	CERAWeek

Agreement

We look forward to continuing the established relationship with the City of Houston through this collaborative agreement.

WECP

Signature: _____



Name: Andrew F. Icken

Title: Secretary General

Date: 11/09/2018

CERAWeek by IHS Markit

Signature: _____



Name: James Rosenfield

Title: Co-Chairman CERAWeek, Senior Vice President, IHS Markit

Date: _____

Appendix A: CERAWeek History and Mission

CERAWeek by IHS Markit is the premier annual gathering of senior leaders across the global energy community advancing new ideas, insight and dialogue on the energy future.

Participants include some 4,000 industry executives, thought leaders, and senior government officials. This year is the 38th anniversary of this influential event.

Partnership at CERAWeek offers a high value combination of distinctive visibility and branding, knowledge contribution, media support, delegation support, access to private meeting and peer level communities, hosting and networking into a single tailored strategy that supports the Partner's objectives. Partnership also extends the benefits of the CERAWeek experience throughout the year; including senior relationship building, special programs such as the Future Leaders, Women in Energy and Innovation Pioneers.

CERAWeek provides a comprehensive and integrated framework for understanding what's ahead for global energy including: markets; geopolitics; technology; costs; environmental policy; and the implications for strategy, industry structure, investment and leadership. It also is a platform for partners to meet and connect with peers from around the world.

CERAWeek is comprised of several mutually-reinforcing sessions across the spectrum of energy issues, designed to engage, share ideas and foster relationships. The weeklong Executive Conference featuring conference-wide Plenaries, Strategic Dialogues and Expert Briefings.

Accompanying the Executive Conference and Agora are private partnership programs, including Leadership Circle communities—high-level gatherings advancing discussion and interaction among senior energy executives—as well as partner receptions, informal briefings and private dialogues. Partners also benefit from designated rooms for private meetings, hosting and networking.

Participants

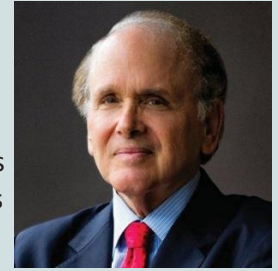
CERAWeek convenes more than 4,000 total delegates from 900 organizations representing over 75 countries. These include over 400 CEOs, over 1000 C-suite executives, and over 50 Ministers and government representatives. Participants encompass all regions and industry segments: oil, natural gas, electric power, coal, nuclear and renewables; as well as technology, investment, innovation, mobility and more.

CERAWeek Speakers

CERAWeek speakers are among the most influential industry executives and officials, thought leaders, investors and innovators.

Chairman

Daniel Yergin, IHS Markit Vice Chairman serves as CERAWeek's Chairman. Dr. Yergin is a highly-respected



authority on energy, international politics and economics. He was described by Fortune as “one of the planet's foremost thinkers about energy and its implications;” by TIME as the “one man whose opinion matters more than any other on global energy markets;” and by the *New York Times* as “America's most influential energy pundit.” Dr. Yergin is author of the Pulitzer-Prize winning book “The Prize”; as well as “The Quest: Energy, Security, and the Remaking of the Modern World.”

Media and Impact

- 300+ Accredited Journalists
- 18,000 global media mentions in 110 countries
- 15,000 news articles
- 23,000 social media mentions
- 265 million Twitter impressions
- CNBC dedicated 141 minutes total time live on location
- Combined broadcast news coverage at CERAWeek by IHS Markit by CNBC, Bloomberg TV, CNN and others totaled 95 segments

“The world's preeminent energy conference”
— CNBC

“The conference, described as ‘the Davos of energy,’ has always attracted a high-powered line-up of executives and policy makers to Houston” — Financial Times

“The year's preeminent energy gathering” — Wall Street Journal

“The ... industry's Super Bowl”
— Politico

Innovation Agora @ CERAWeek

The Innovation Agora is a special program and area at CERAWeek dedicated to emerging energy technology. It offers a unique global “marketplace for ideas”, dialogue and connections on emerging technologies and investment opportunities for the energy future. The Innovation Agora @ CERAWeek features a remarkable assembly of global innovators, senior company executives, officials and thought leaders. The program covers topics from the world of innovation and the “great wave” of new technology – including renewable energy, cloud and digital technology, AI, blockchain, e-mobility, robotics, additive and advanced manufacturing, solar, storage, connectivity and more. The Agora includes distinctive programming and formats, interactive dialogues, and unique experiences designed to highlight the new ideas that are reshaping the energy future.

In 2018 the innovation Agora featured over 200 speakers, more than 130 sessions, and highlighted disruptive technologies and innovations. The Agora hosted a range of exciting communities including start-ups, technologists, investors, academics, energy companies and government officials – all dedicated to shared learning and exploration. Partnership in the Agora program creates a unique opportunity to engage with this audience; to influence and impact the energy future through thought leadership on technology and innovation and to deepen relationships with key stakeholders.

CERAWeek Partnership

CERAWeek Partners contribute to advancing the CERAWeek mission, helping to build a culture of idea exchange, learning, and relationship-building between industry, government and society to secure the global energy future.

Partners benefit from high-level engagement before, during and after the conference, maximizing the impact and experience of their executives’ participation. Partner organizations are supported by the CERAWeek Executive Steering Committee, and a team of dedicated CERAWeek Partner Liaison Managers. This unique platform creates an opportunity for Partners to deepen relationships with key stakeholders, developing and sharing ideas and thought leadership, while gaining enhanced visibility and profile.

CERAWeek Partners also benefit from access to exclusive CERAWeek private programs, networking and meeting spaces. The former are reserved exclusively for CERAWeek’s senior-most participants, providing an invitation-only track of designated professional communities. These interactive sessions draw on Partners’ expertise and thought leadership contributions. Agora Partners benefit from branding and acknowledgement as an Agora Partner in the dedicated space pre-event, onsite and post event

Past CERAWEEK Speakers (Partial List)

President George W. Bush	John Kasich	Isabelle Kocher
President Bill Clinton	Governor of Ohio	CEO, Engie
President Enrique Peña Nieto	Nick Akins	Robert Lawler
Mexico	Chairman, President & CEO, American	President, CEO & Director, Chesapeake
Prime Minister Justin Trudeau	Electric Power	Energy
Canada	Nizar Al-Adsani	Jean-Bernard Lévy
President Ólafur Ragnar Grímsson	Deputy-Chairman & CEO, Kuwait	Chairman & CEO, EDF
Iceland	Petroleum Corp.	Fanrong Li
President Paul Kagame	Vagit Alekperov	CEO & President, CNOOC
Rwanda	President, Lukoil	Zhenya Liu
Henry Kissinger	Greg Boyce	Chairman, State Grid Corporation of
US Secretary of State	Chairman & CEO, Peabody Energy Corp.	China
Ernest Moniz	Peter Coleman	Andrew Mackenzie
US Secretary of Energy	CEO, Woodside Petroleum	CEO, BHP
Henry Paulson	Iain Conn	Mpho Makwana
US Secretary of the Treasury	CEO, Centrica	Chairman, Eskom Holding
Ben Bernanke	Theodore Craver	Thomas May
Chairman, US Federal Reserve	Chairman & CEO, Edison International	Chairman, President & CEO,
HE Berat Albayrak	Leo Denault	Eversource Energy
Minister of Energy & Natural	Chairman & CEO, Entergy	Alexander Medvedev
Resources, Turkey	Claudio Descalzi	Deputy Chairman of the
Tomás González Estrada	CEO, Eni	Management Committee,
Minister of Mines & Energy, Colombia	Thomas Fanning	Gazprom
HE Khalid A. Al-Falih	Chairman & CEO, Southern Company	Steve Mueller
Minister of Energy, Industry &	Thomas Farrell, II	Chairman & CEO, Southwestern Energy
Mineral Resources, Kingdom of	Chairman, President & CEO, Dominion	Mohamed Jameel Al Ramahi
Saudi Arabia	Ignacio S. Galán	CEO, Masdar
HE Jabbar Ali Al-Luiebi	Chairman & CEO, Iberdrola	Eldar Sætre
Minister of Oil, Republic of Iraq	Greg Garland	President & CEO, Equinor
Salvador Namburete	Chairman & CEO, Phillips 66	Igor Sechin
Minister of Energy, Mozambique	Bill Gates	Executive Chairman & CEO, Rosneft
Hon. Jesse Norman	Co-Chairman, Gates Foundation	Fred Smith
MPParliamentary Under Secretary of	Andrés Gluski	Founder, Chairman, President & CEO,
State, Minister for Energy & Industry, UK	President & CEO, AES	FedEx
HE Alexander Novak	Gregory Goff	JB Straubel
Minister of Energy, Russian Federation	Chairman, President & CEO, Andeavor	Co-Founder & CTO, Tesla
HE Shri Dharmendra Pradhan	Miguel Gutiérrez	Jim Teague
Minister of State, Independent	Chairman, YPF	CEO, Enterprise Products Partners
Charge, Ministry of Petroleum & Natural	David Hager	Peter Terium
Gas, India	President & CEO, Devon Energy	CEO, innogy
Mohammed Hamed Saif Al-Rumhy	Lewis Hay, III	Jean-Pascal Tricoire
Minister of Oil & Gas, Oman	Chairman & CEO, NextEra Energy	Chairman & CEO, Schneider Electric
José Maria Botelho de Vasconcelos	Harold Hamm	Rex Tillerson
Minister of Petroleum, Angola	Chairman & CEO, Continental Resources	Chairman & CEO, Exxon Mobil
Scott Pruitt	Gary Heminger	& US Secretary of State
Administrator, US EPA	Chairman & CEO, Marathon Petroleum	R.A. Walker
Gen. Keith Alexander	Jeffrey Immelt	Chairman, President & CEO, Anadarko
Director, US NSA Commander, US	Chairman & CEO, General Electric	Yilin Wang
Cyber Command	Richard Kinder	Chairman, CNPC
Admiral Mike Mullen	Executive Chairman, Kinder Morgan	John Watson
Chairman, US Joint Chiefs of Staff	Bill Klesse	Chairman & CEO, Chevron
John Hickenlooper	Chairman & CEO, Valero Energy	Darren Woods
Governor of Colorado		Chairman & CEO, Exxon Mobil

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme City Growth and Resources
DATE	Capital Programme - 23 January 2019 City Growth and Resources – 7 February 2019
REPORT TITLE	Torry Cruyff Court
REPORT NUMBER	COM/19/174
DIRECTOR	Andy McDonald
CHIEF OFFICER	Derek McGowan
REPORT AUTHOR	Jade Leyden
TERMS OF REFERENCE	Capital Programme: 1.1, City Growth and Resources: 1.2, 1.3

1. PURPOSE OF REPORT

Capital Programme Committee:

- 1.1 to report on development proposals and to seek approval for the implementation of a Cruyff Court as set out in the business case.

City Growth and Resources Committee:

- 1.2 to report on investment proposals and to seek approval for the use of resources for their implementation.

2 RECOMMENDATIONS

That the Capital Committee: -

- 2.1 Approves Option 2 in the attached business case to install a Cruyff Court in place of the existing, unfit for purpose artificial pitch on the Tullos Playing Fields (located on Girdleness Road) to serve the Torry community.

That the City Growth and Resources Committee: -

- 2.2 Notes the existing £250,000 budget within the Non-Housing Capital Programme to establish a second Cruyff Court, and approves the acceptance and utilisation of the £50,000 in-kind/financial contribution from the Johan Cruyff Foundation for the project and;

2.3 Instructs the Chief Officer - Early Intervention and Community Empowerment to submit the project to the budget process for funding the ongoing running costs of the second Cruyff court.

3. BACKGROUND

3.1 Work was completed on Scotland's first Cruyff Court in February 2017 with the grand opening occurring in July 2017. Since opening there has been a substantial difference made to not just the local community but also the city as a whole. The court was built on the site of Catherine Street's old play areas, just off George Street, in the city centre of Aberdeen. The project was funded by Aberdeen City Council's Housing Account budgets, in partnership with the Johan Cruyff Foundation and Denis Law Legacy Trust.

3.2 Since Catherine Street Court has opened, a Cruyff Court tournament in Aberdeen has been held. This provided an opportunity for local schools to compete in a round robin tournament for the prize of a life time. Both the winning boys' and girls' teams were given the opportunity to travel to Liverpool for the UK National Final, receive a tour of Liverpool's home stadium, Anfield and meet Robbie Fowler all free of charge.

3.3 Based on the success of the Catherine Street Court, this proposal is to upgrade the existing artificial pitch on the Tullos playing fields in on Girdleness Road, Torry with Aberdeen's second Cruyff Court (See appendix 1). This will be delivered in partnership with the Johan Cruyff Foundation and the Denis Law Legacy Trust, both of whom have confirmed their support and contributions.

3.4 This project will support the delivery of several key primary drivers within the Community Planning Aberdeen's Torry Locality Plan 2017 – 2027. This project will:

- Increase number of individuals taking care of their own health and wellbeing
- Decrease the incidence of anti-social behaviour in the surrounding areas
- Increased opportunities to access high quality, fit for purpose facilities
- Provide opportunities for young people to volunteer and develop employability skills

3.5 Tullos was one of three potential sites for Scotland's second Cruyff Court. A decision on location was made on this upon the completion of the Cruyff Courts Criteria Selection Document (This document provides the Cruyff Foundation with the basis for them to make the final decision of the location for a Cruyff Court). Three areas were proposed, including Tullos Playing Fields, Northfield Community Centre and the Tillydrone Lads Club. All three options went through the set scoring matrix and Tullos was the highest scoring criteria for: location (including number of schools in the area), accessibility and space.

3.6 Considering the above, it was decided by both the Denis Law Legacy Trust and The Cruyff Foundation that Tullos Playing Fields would be the most appropriate location for the second Cruyff Court. The Johan Cruyff Foundation have committed to a £50,000 contribution on the basis the new court is built on that site.

3.7 The Finance, Policy and Resources Committee approved a budget of £250,000 for the installation of an another Cruyff Court in Aberdeen in March 2017. The contribution from the Johan Cruyff Foundation covers the additional funding needed to cover the full cost of construction.

- 3.8 The Denis Law Legacy Trust have confirmed that they will allocate staff time and a dedicated Coordinator towards providing a minimum of 6 hours a week of provision on the court for the duration of the 10-year legal agreement. They have valued this contribution at £50,000.
- 3.9 In addition, the Trust has confirmed an agreement to meet 50% of the agreed annual maintenance costs in conjunction with the Council.
- 3.10 The Johan Cruyff Foundation has also confirmed that they will provide funding for the project to the total value of £50,000. This consists of a cash contribution which will be used for the procurement of the turf.

4. FINANCIAL IMPLICATIONS

- 4.1 The construction cost of establishing a Cruyff Court on the Tullos Playing fields has been estimated at £300,000. This will be funded from the Non-Housing Capital budget approved by FP&R committee in March 2017 along with the £50,000 contribution from the Johan Cruyff Foundation.
- 4.2 There will be annual revenue costs associated with this project in the form of routine maintenance of the court and energy costs. These have been estimated at:
- Maintenance Costs: £8,700 per annum (50% of this will be covered by the Denis Law Legacy Trust)
 - Energy Costs: £600 per annum
- 4.3 Funding of the on-going revenue costs will require to be considered as part of the 2019/20 budget setting process.
- 4.4 It is anticipated that the turf will last the duration of the 10-year legal agreement providing the necessary annual maintenance to ensure the court remains in sound technical, practical and visual condition is carried out. Any non-repair and maintenance requirements would be non-routine and funded by the existing Corporate Routine and Maintenance budget.

5. LEGAL IMPLICATIONS

- 5.1 A legal agreement will be required between the Council, the Johan Cruyff Foundation and the Denis Law Legacy Trust for the construction and maintenance and service delivery of this project. A draft agreement consistent with the original agreement for the first court is being reviewed by the legal team.
- 5.2 Approval to tender for the works is subject to the corporate procurement processes and reporting to the Strategic Commissioning Committee.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation

Financial	Cost/scope of work increases	M	Tender for fixed price contract. Establishment of a robust project plan with contingencies included and a work breakdown structure.
Financial	Doing Nothing – Through not developing the site, future costs may be incurred in order to make the site safe or to remove the existing site.	L	Remove the implementation of the Business Case.
Legal	Partner organisation leaves partnership	L	A 10-year legal agreement will be in place with all partners represented.
Employee	No significant or unusual risks		
Customer	Facility is underused and/or vandalised	L	A community engagement plan has been drafted to ensure the development meets the needs of the community and fosters a sense of ownership to the site.
Environment	No significant or unusual risks		
Technology	No significant or unusual risks		
Reputational	No significant or unusual risks		

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	Service delivery post construction will provide voluntary and training opportunities to the local community through schemes such as Heroes of the Cruyff Court and the Cruyff Foundation Coach course.
Prosperous People	The recommendations of this report will provide children and young people in Torry with access to services that meet their needs, will support the improvement of the health and wellbeing of the community and seek to reduce the levels of Youth Anti-Social Behaviour in the immediate surrounding area.
Prosperous Place	The installation of a Cruyff Court will increase access to high quality and fit for purpose facilities in the area.

	This will also enable further partnership work between the Council, Denis Law Legacy Trust and the Johan Cruyff Foundation to maximise the asset.
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Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Evidence from the first court suggests that the increase in provision will have a positive impact on the wellbeing of community members. The activities provided on the court will be designed with the local community.
Organisational Design	As well as ongoing consultation with the community, we will also provide update to appropriate community groups such as the Community Council and the Torry Locality Partnership to ensure we are continuing to meet the needs of the community and are aware of and address any issues that may arise.
Governance	There will be a legal agreement in place with all parties and the business case relates directly to the local plan for Torry.
Process Design	Due to the success of the first court, we know that Cruyff Courts have a positive impact on the community, as well as this, this proposal relates to the Torry Locality Plan. We will continue to work with the community to ensure the activities of the court meet the needs of the community.
Technology	We will use Social Media to engage the community with the Cruyff Court and encourage participation.
Partnerships and Alliances	We will enter into an agreement in partnership with the Johan Cruyff Foundation and the Denis Law Legacy Trust to support the Cruyff Court to have positive outcomes within the community.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	The proposed facility aims to reduce anti-social behaviour in the immediate area, thus creating the potential to foster good relations between people who share a protected characteristic and those who do not. In addition, when the Denis Law Legacy Trust is not using the facility, the facility is open to any person/people at any time, free of charge therefore advancing equality by meeting the needs of different groups.
Data Protection Impact Assessment	<i>Not required</i>
Duty of Due Regard / Fairer Scotland Duty	The Fairer Scotland Duty has been considered within our completed Equality and Human Rights Impact Assessment. Among other things, this proposal seeks to increase the provision of high quality, fit for purpose facilities in the

	community of Torry and to provide opportunities for young people to volunteer and develop their employability skills, thus supporting the reduction of inequalities of outcome caused by socio-economic disadvantage.
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9. BACKGROUND PAPERS

Torry Locality Plan 2017-2027

10. APPENDICES (if applicable)

Appendix 1- Business Case

11. REPORT AUTHOR CONTACT DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	7 th February 2019
REPORT TITLE	Strategic Buy Back Policy
REPORT NUMBER	RES/19/173
DIRECTOR	Resources
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Kenny Paterson
TERMS OF REFERENCE	Purpose 5, Remit 3.1 & 3.3

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Committee approval in updating the policy and process on the strategic re-acquisition of former council houses.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Approves the revised set of criteria and process highlighted in Appendices A & B, where the Council will consider re-acquiring any former Council house.

3. BACKGROUND

- 3.1 The existing policy on the re-acquisition of former council housing was last reviewed on 10th June 2008. The criteria is:

- Where a property is proposed to be demolished to make way for new housing under an urban regeneration scheme being promoted by Aberdeen City Council or alternatively the building suffers from major structural failure.
- Where the property meets the “Housing for Varying Needs Standard”. This will include amenity and sheltered housing or houses where significant barrier free adaptations have been undertaken.
- Where low rise flatted buildings require major repair or renovation and the owner cannot afford their share of the cost and the re purchase is essential to ensure that the works can be undertaken.

- Where the owner is failing their mortgage repayments and their lender has instigated re-possession proceedings. In this instance the Scottish Governments Mortgage to Rent scheme will apply which requires the owner to apply directly to the Scottish Government to access the scheme.
- 3.2 If an owner approaches the Council, Officers initially determine whether the property meets the above criteria or not. If the property meets the criteria, a consultation process will determine whether demand exists and if funding through the housing capital programme is available.
- 3.2.1 A series of technical assessments are carried out on the property with the permission of the owner, which are; Scottish Housing Quality Standards (SHQS), Energy Performance Certificate (EPC) and Gas & Electrical Safety Certificates.
- 3.2.2 Any elements highlighted through these assessments, which may have a cost implication to the Council, will be deducted from the valuation to ensure any future liability is considered.
- 3.3 A total of 14 properties have been re-acquired since the policy was reviewed back in 2008; the table in Appendix C contained within the exempt section of the agenda which sets out the details of those acquisitions:
- 3.3.1 Of the 14 properties which were re-acquired, 5 were vacant possession and 9 via the Scottish Governments “mortgage to rent scheme” where the owners received a Scottish Secure Tenancy (SST) as part of the agreement with Aberdeen City Council.
- 3.3.2 If a property is to be re-acquired via the Scottish Government’s Mortgage to Rent Scheme, the scheme provides a significant level of grant assistance to finance the transaction due to the owner remaining in the property.

4. FINANCIAL IMPLICATIONS

- 4.1 To date Aberdeen City Council has funded, through the housing capital budget, approximately £1.12M on purchasing ex-council property since the policy was revised in June 2008.
- Note: this figure does not include the costs incurred providing a valuation, legal fees and other miscellaneous costs.
- 4.2 The availability of funding within the Housing Revenue Account to finance the purchase will require to be determined. This sum will be assessed annually based on the previous year’s spend on buy backs
- 4.4 General repairs costs may not always be included in the agreed housing capital sale and general repairs will have to be funded through housing revenue budgets.

5. LEGAL IMPLICATIONS

- 5.1 Any property re-purchased must meet the statutory regulations required of council housing (Scottish Housing Quality Standard (SHQS) & Energy Efficiency Standard for Social Housing (EESH)).

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	<p>The financial implications of providing “affordable housing” within the Scottish Governments statutory and discretionary framework.</p> <p>Providing suitable affordable accommodation to the existing owner, once the sale is concluded.</p>	<p>M</p> <p>L</p>	<p>The inclusion of a Scottish Housing Quality Standard (SHQS) assessment and Energy efficiency for Standard Social Housing (EESH) will ensure that expenditure on compliance issues will be fully reflected in the purchase price, offered to the owner.</p> <p>Any owner must take responsibility for their own future housing requirements. Any future housing provision will not be linked to the sale of their ex-council property.</p>
Legal	Prospective property may not meet the statutory regulations required of council housing (SHQS & EESH).	M	Carry out SHQS & EESH surveys to identify if property meets criteria.
Employee	Increase in work load due to the number of applications.	M	The number of applications cannot be predicted, but will be monitored once the policy is in place.
Customer	That the Council fails to meet the needs and demands of providing suitable family homes where they are required within the city.	M	It is likely that any re-purchase will provide much needed family accommodation in areas where this is in limited supply; due to the introduction of the “right to buy” legislation.

Environment	Regeneration opportunities within highlighted city locations.	M	The revised policy will also assist site assembly in areas where regeneration opportunities are identified
Technology	Online application form to manage the process.	L	An “online application” process will be developed as the preferred method in managing each application. An approach will be made to “being digital” via the customer experience platform to find a suitable solution.
Reputational	The lack of funding to meet all suitable request to repurchase.	M	The expenditure will be monitored annually to ensure that appropriate funding is provided through the housing capital budget.
	Strategic disposal of empty Council homes which are deemed surplus to requirements will raise issues as to the link between both policy documents.	M	The disposal policy is intended to provide a clear, defined and logical process for the eventual sale of generally single dwellings within tenements where the council is the minority owner and the property concerned is not providing the council with value for money.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The report will help increase the number of affordable housing properties available to rent.
Prosperous People	The report will help to provide more affordable housing within the city and support vital key works in education, care and health sectors.
Prosperous Place	To improve the quality of housing and environment of individuals and the community and will sit alongside the SHIP

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Developing an online application process to note an interest where an owner approaches the Council with a potential property purchase.
Governance	The amended policy and process will promote a much more transparent working method of re-acquiring ex Council property.
Workforce	Existing staff will administer the new policy and will absorb the work load into existing duties.
Process Design	The new policy and process will lead to a more consistent approach.
Technology	The proposed online form will help promote digital connectivity.
Partnerships and Alliances	

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	N/A
Data Protection Impact Assessment	N/A
Duty of Due Regard / Fairer Scotland Duty	N/A

9. BACKGROUND PAPERS

- 9.3 The report submitted to the Communities, Housing & Infrastructure Committee on the 28th October 2014 gives an overview of Aberdeen City Council's new Strategic Housing Investment Plan (SHIP) for 2015-2020, which sets out Aberdeen City Council's plans for affordable housing over the next five years.
- 9.4 Aberdeen Local Housing Strategy 2012 - 2017
- 9.5 Home Owners Support Fund – Mortgage to Rent Scheme
- 9.6 Policy on the strategic disposal of empty Council homes deemed surplus to requirements.

10. APPENDICES (if applicable)

- Appendix A - Buy Back Criteria
- Appendix B - Process

11. REPORT AUTHOR CONTACT DETAILS

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Appendix A:

Buy Back Criteria:

1. Identified Need

- Housing demand
- Property Type

2. Affordable

- Market Value within affordability matrix
- Condition of property
- Repair costs
- Future liability / Common Repairs

3. Regeneration Proposal

- Properties in areas designated for regeneration or demolition

4. Mortgage to Rent Scheme

- Where the owner meets the Mortgage to Rent Scheme criteria

5. Ownership Consolidation

- Properties within multi storey blocks
- When re-acquisition returns the block to (full or majority) Council ownership
- Eliminate Title Deed Anomalies

6. Specialist Accommodation

- Housing for Varying Needs Standard
- Fully wheelchair adapted
- Amenity Housing

Appendix B

Process:

- Approach from owner to Corporate Landlord
- Initial Criteria Check (as per policy)
- Technical Assessment
 - Scottish Housing Quality Standard (SHQS)
 - Energy performance Certificate (EPC)
 - Energy Efficiency Standard Social Housing (ESSH)
 - Gas & Electrical Safety Checks
- Affordability Check (as per policy)
- Business Case sign off by Chief Officer, Corporate Landlord.
- Instruction to Legal to purchase the property on behalf of the Council

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