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To: Councillor McLellan, Convener; Councillor Yuill, Vice-Convener; and Councillors Cooke, Fairfull, Farquhar, Grant, Greig, Houghton, Hutchison, Macdonald, Nicoll, Radley and Watson.

Town House,
ABERDEEN 27 October 2022

FINANCE AND RESOURCES COMMITTEE - SPECIAL

The Members of the **FINANCE AND RESOURCES COMMITTEE** are requested to meet in **Council Chamber - Town House** on **WEDNESDAY, 2 NOVEMBER 2022 at 10.00am**. This is a hybrid meeting and Members may also attend remotely.

The meeting will be webcast and a live stream can be viewed on the Council's website. <https://aberdeen.public-i.tv/core/portal/home>

VIKKI CUTHBERT
INTERIM CHIEF OFFICER - GOVERNANCE

BUSINESS

NOTIFICATION OF URGENT BUSINESS

1.1. Notification of Urgent Business

DETERMINATION OF EXEMPT BUSINESS

2.1. Determination of Exempt Business

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

3.1. Declarations of Interest and Transparency Statements

MINUTES OF PREVIOUS MEETING

- 4.1. Minute of Meeting of City Growth and Resources Committee of 21 September 2022 (Pages 3 - 18)

COMMITTEE PLANNER

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NOTICES OF MOTION

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- 7.1. Council Financial Performance - Quarter 2, 2022/23 - RES/22/247 (Pages 33 - 86)

GENERAL

- 8.1. Footdee Bus Services - COM/22/254 (Pages 87 - 92)

EXEMPT / CONFIDENTIAL BUSINESS

- 9.1. Verbal Update on Stoneywood Mill and Belmont Cinema

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

To access the Service Updates for this Committee please click [here](#)

Website Address: aberdeencity.gov.uk

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

CITY GROWTH AND RESOURCES COMMITTEE

ABERDEEN, 21 September 2022. Minute of Meeting of the CITY GROWTH AND RESOURCES COMMITTEE. Present:- Councillor McLellan, Convener; Councillor Yuill, Vice-Convener; and Councillors Al-Samarai, Blake, Cooke, Copland (as substitute for Councillor Yuill), Farquhar, Grant, Greig, Hutchison, Macdonald, Massey (as substitute for Councillor Houghton), Nicoll and Radley.

The agenda and reports associated with this minute can be found [here](#).

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 EXEMPT BUSINESS

1. The Convener proposed that the Committee consider items 13.1, 13.2, 13.3, 13.4, 14.1 and 14.2 as undernoted, with the press and public excluded from the meeting.

The Committee resolved:-

in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the following items of business:-

- 13.1 - Proposed Disposal of Surplus Site at Oscar Road, Torry;
- 13.2 - Proposed Disposal of Units 1 - 8, Woodlands Road, Dyce;
- 13.3 - Request for Bank and Pension Fund Guarantees;
- 13.4 - Wallace Tower;
- 14.1 - Torry Heat Network - Fourth Progress Report – Exempt Appendices; and
- 14.2 - Condition and Suitability 3 Year Programme - Exempt Appendices.

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

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

- (1) Councillor Macdonald declared an interest in relation to item 13.3 (Request for Bank and Pension Fund Guarantees) by virtue of her being a member of Aberdeen Heat and Power Ltd. She considered that the nature of her interest would require her to leave the meeting prior to consideration of the item;
- (2) Councillor Grant declared an interest in relation to agenda item 13.4 (Wallace Tower) by virtue of him being a former Chairman of the Tillydrone Community Development Trust. He considered that the nature of his interest would require him to leave the meeting prior to consideration of the item;
- (3) Councillor Cooke declared an interest in relation to agenda items 9.5 (Place Based Investment Programme) and 13.3 (Request for Bank and Pension Fund

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Guarantees) by virtue of him being a member of the Vestry at St Mary's Cathedral and a member of the Pensions Committee respectively. He considered that the nature of his interests would require him to leave the meeting prior to consideration of these items; and

- (4) Councillor Cooke further advised that he had a connection in relation to agenda item 12.1 (Condition and Suitability 3 Year Programme) which related to a number of facilities operated by Sport Aberdeen, by virtue of him being an observer member on the Board of Sport Aberdeen, however having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting.

MINUTE OF PREVIOUS MEETING OF 3 AUGUST 2022 - FOR APPROVAL

3. The Committee had before it the minute of its previous meeting of 3 August 2022.

The Committee resolved:-

to approve the minute.

COMMITTEE PLANNER

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

The Committee resolved:-

- (i) to note the reasons for the reporting delay in relation to item 6 (Property Auction Alternative Avenue of Surplus Asset Disposal Pilot Project), item 18 (Altens East Waste and Recycling Centre) and item 25 (Proposals for Investment for Works at Riverbank School to Accommodate the Relocation of St. Peter's School);
- (ii) to transfer item 23 (Climate Change Report 2021-22) to the Net Zero, Environment and Transport Committee Business Planner as a result of their Terms of Reference; and
- (iii) to otherwise note the content of the Committee Business Planner.

NOTICE OF MOTION BY COUNCILLOR TISSERA - FOODBANKS/FOOD POVERTY

5. The Committee had before it a notice of motion by Councillor Tissera in the following terms:-

That the Committee:-

- (1) note that many Aberdeen citizens, like citizens from other cities, towns and villages in Scotland are reliant on foodbanks;

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- (2) note the good work that is done by many community leaders and volunteers within Aberdeen, who offer foodbank facilities within their communities, thus helping those most in need;
- (3) note that falling incomes and inflation has left many food banks struggling to survive, however, thanks to the prudent financial management of the last Administration the Council achieved an underspend of £1.3m last year and therefore additional funds are available to the Council that hadn't been anticipated when the budget was set for 2022/23 and has not been allocated as part of the Quarter 1 Financial Performance Report. In addition, over £35m of cashable reserves are retained within the Common Good. All in all, cash is available to help struggling food banks if the political will is there;
- (4) agree that with many citizens being unable to feed their families sufficiently and properly due to the high cost of food and with food banks in the city complaining that they are running out of food to help the most needy and vulnerable in Aberdeen, the time has come for the Council to stop counting the interest on its money and put some of that money into helping the most vulnerable in our city;
- (5) agree therefore to allocate £500,000 from the General Fund 2022/23 contingency budget to be distributed to the various food bank charities within the city to allow them to help protect our most needy and vulnerable citizens;
- (6) agree to delegate authority to the Chief Officer - Early Intervention and Community Empowerment, following consultation with the Chief Officer - Finance, to make appropriate arrangements for the urgent distribution of £500,000 from General Fund contingencies for the mitigation of food poverty across Aberdeen; and
- (7) appoint a Food Champion to focus on this crucial and complex issue in the immediate and longer term for the benefit of all Aberdeen citizens.

Councillor Tissera moved her motion and explained the rationale behind her request. Councillor Tissera's motion was seconded by Councillor Grant.

Councillor Greig, seconded by the Convener, moved as an amendment:-
that the Committee –

- (1) note that the Operational Delivery Committee on the 31 August 2022 agreed to invest £1m in anti-poverty measures, including food provision, energy cost mitigation and employability support;
- (2) note that the Partnership had identified £100k of savings from Civic and related Budgets within Common Good;
- (3) instruct the Chief Officer – Finance to reduce the Common Good budgets in respect of Civic receptions, gifts and hospitality, Lord Provost travel and twinning activities by a total of £100k, and approve that this budget of £100k be invested in winter clothing for schoolchildren, and instruct the Chief Officer – Customer Experience to make arrangements for distributing these funds to families eligible for school clothing grants; and
- (4) request that a Service Update be provided to Committee members by the Chief Officer – Customer Experience, advising how this money had been made available.

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On a division, there voted:- for the motion (5) – Councillors Blake, Farquhar, Grant, Macdonald and Massey; for the amendment (8) – the Convener and Councillors Al-Samarai, Cooke, Copland, Greig, Hutchison, Nicoll and Radley.

The Committee resolved:-

to approve the amendment.

At this juncture, Councillors Hutchison and Al-Samarai advised that they had a connection in relation to the following item of business by virtue of them being employed by Mr Kevin Stewart MSP and Mrs Kirsty Blackman MP, respectively. Having applied the objective test, they did not consider that they had an interest and would not be withdrawing from the meeting.

NOTICE OF MOTION BY COUNCILLOR MACDONALD - SUPPORTED BUS SERVICE FOR FOOTDEE

6. The Committee had before it a Notice of Motion submitted by Councillor Macdonald in the following terms:-

That the Committee:-

- (1) instruct the Chief Officer – Operations and Protective Services to procure a local bus service between the City Centre and Footdee as soon as possible. This service would be for the remainder of the financial year 2022/23 in recognition of the exceptional circumstances impacting on those residents living in Footdee; and
- (2) approve a one-off budget of up to £30,000 to pay for the bus service, which will be funded from the 2022/23 General Fund contingencies budget.

Councillor Macdonald moved her motion and explained the rationale behind her request.

The Committee resolved:-

- (i) to note the changes to the bus services implemented by First Bus earlier this year;
- (ii) to instruct the Director of Commissioning to invite First Bus to meetings including the Convener and Vice Convener of the City Growth and Resources Committee (soon to be renamed the Finance and Resources Committee) and the Councillors for the George Street / Harbour Ward to discuss the impact the changes to the bus services have had on residents of Footdee, and to explore options to include Footdee in the public transport network; and
- (iii) to instruct the Director of Commissioning to report back to the next meeting of the Finance and Resources Committee (2 November 2022) on the outcome of the meetings agreed in point (ii) and any potential further steps.

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FLEET REPLACEMENT PROGRAMME - OPE/22/202

7. The Committee had before it a report by the Chief Operating Officer which provided details on the current position of the programme for Fleet Vehicles and Assets and presented the Fleet Asset Management Plan (Appendix A) which identified the age and replacement plans for all vehicles and plant to provide assurance on effective identification of assets to populate the Phase 3 Fleet Replacement Programme Projected Spend for 2022/23 (Appendix B) and future Fleet Replacement requests.

The report recommended:-

that the Committee –

- (a) note the refreshed Fleet Asset Management Plan and supports use of the Plan to identify future replacement requests;
- (b) note that a detailed infrastructure plan is being developed by the Chief Officer - Corporate Landlord working with Fleet as per Recommendation (b) of Article 6 – Fleet Replacement Programme from the Committee meeting of 11 May 2021, to inform future Fleet Replacement Programme requests to support an increased number of alternative fuel vehicles and plant;
- (c) approve the phase 3 Fleet Replacement Programme for 2022/23 (as detailed in Appendix B) and notes non-carbon fuelling technologies will be prioritised where these options exist; and
- (d) delegate authority to the Chief Officer – Operations & Protective Services, following consultation with the Head of Commercial and Procurement Shared Services (CPSS) and Chief Officer – Finance, to consider and approve procurement business cases for vehicles and plant for the purposes of Procurement Regulation 4.1.1.2; then consult with the Convener and Vice Convener, City Growth and Resources and thereafter to procure appropriate works, supplies and services, and enter into any contracts necessary for the vehicles and plant without the need for further approval from any other Committee of the Council, within the current Capital budget.

The Committee resolved:-

to approve the recommendations.

BERRYDEN CORRIDOR ACTIVE TRAVEL CONNECTIONS - RES/22/177

8. With reference to article 19 of the minute of meeting of 21 June 2022, the Committee had before it a report by the Director of Commissioning which provided an update on the Berryden Corridor Active Travel Connections Programme progress and sought approval of the outline business case.

The report recommended:-

that the Committee –

- (a) note the contents of the business case for the Ashgrove Connects project;

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- (b) agree the recommendations within the business case for the Ashgrove Connects project appended to this report;
- (c) instruct the Chief Officer – Strategic Place Planning to submit a bid to Scottish Government’s Places for Everyone scheme for funding to enable the detailed design of the Ashgrove Connects project and implementation, subject to the identification of suitable match funding;
- (d) note the content of the Skene Square to City Centre route option assessment report;
- (e) agree the preferred option within the Skene Square to City Centre route option assessment report and instructs the Chief Officer - Capital to progress the development of detailed design and, subject to 2.6, its implementation concurrently with the Berryden Corridor Improvement project;
- (f) instruct the Chief Officer - Capital as part of the detailed design to develop a detailed estimate for the Skene Square to City Centre active travel connection project (being the preferred option as described in the Skene Square to City Centre route option assessment report) and if required, refer any additional funding requirement to this year’s budget process;
- (g) instruct the Chief Officer - Capital to progress all necessary approvals, permissions, licenses, agreements, and consents required to develop and implement the Ashgrove Connects & Skene Square to City Centre active travel connection projects; and
- (h) delegate authority to the Chief Officer – Capital, following consultation with the Head of Commercial and Procurement Services, to consider and approve business cases (including estimated expenditures) for the Ashgrove Connects and Skene Square to City Centre active travel connection projects for the purposes of Procurement Regulation 4.1.1.2 and 4.1.1.4; thereafter to procure appropriate works and services, and enter into any contracts necessary for the delivery of the projects.

The Committee resolved:-

- (i) to approve recommendations (a), (b) and (d) to (h);
- (ii) to instruct the Chief Officer – Strategic Place Planning to submit a bid to Scottish Government’s Places for Everyone scheme for funding to enable the detailed design of the Ashgrove Connects project and implementation, and to circulate a Service Update to members of the Committee on securing match funding;
- (iii) to note the recommendation at page 145 of the agenda, “*Progress is made towards a comprehensive strategic network study to provide a city-wide plan prioritising active travel routes for future development. This process would benefit from targeted engagement that would greatly enhance and enrich the network planning process along with further data collection and auditing.*”; and instructs the Chief Officer – Strategic Place Planning to circulate a Service Update to members of the Committee which sets out the requirements and timescales required to prepare a Strategic Network Study to provide a city-wide active travel priority plan;
- (iv) to note ongoing work to progress the A944/A9119 multi-modal study and instructs the Chief Officer – Strategic Place Planning to ensure that this study fully considers,

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- when the relevant report is prepared for committee, the linkages with the Ashgrove Connects scheme and wider Berryden Corridor Active Travel Connections; and
- (v) to instruct the Chief Officer - Capital to provide Service Updates to members of the Committee (as appropriate) on progress relating to recommendations (c), (e) and (g) above.

ABERDEEN CITY'S AFFORDABLE HOUSING DELIVERY PROGRAMME - COM/22/197

9. With reference to article 6 of the minute of meeting of 25 August 2021, the Committee had before it a report by the Director of Commissioning which provided an update on the Aberdeen City affordable housing delivery programme.

The report recommended:-

that the Committee –

- (a) approve the allocation of the Section 75 and Council Tax monies detailed at section 3.4 the report for the future delivery of affordable housing; and
- (b) instruct the Chief Officer - Strategic Place Planning to recruit an additional Empty Homes Officer as detailed at section 3.5 of the report to build on the success achieved to date on bringing long-term empty private residential properties back into use.

The Committee resolved:-

to approve the recommendations.

ABERDEEN CITY'S STRATEGIC HOUSING INVESTMENT PLAN 2023/24 – 2027/2028 - COM/22/198

10. With reference to article 11 of the minute of meeting of 10 November 2021, the Committee had before it a report by the Director of Commissioning, which sought approval of the Strategic Housing Investment Plan (SHIP) for the period 2023/24 – 2027/28 which was due to be submitted to the Scottish Government by 28 October 2022.

The report recommended:-

that the Committee approve the SHIP and its submission to the Scottish Government.

The Committee resolved:-

- (i) to approve the recommendation;
- (ii) to note that the SHIP 2023/24-2028/29 highlights that 2021/22 produced 692 affordable housing completions which is the highest number of affordable homes delivered in Aberdeen through the Affordable Housing Supply Programme and that a further 653 are projected to be completed in 2022/23;

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- (iii) to record its thanks to all officers involved for their efforts both in preparing the latest SHIP and for their success in progressing the affordable housing priorities agreed in the previous SHIP;
- (iv) to note officer recommendations, which were approved at Full Council on 24 August 2022, in relation to the Council Financial Performance Q1 report and that these recommendations included, *“to instruct Chief Officer – Capital to pause the four Housing Capital Council-led new build projects as recommended in Appendix 5, to evaluate the actions to be taken, assess best value and where appropriate retender work packages. The outcome of this exercise will be reported to the next appropriate meeting of City Growth and Resource Committee.”*; and
- (v) to otherwise note the verbal update provided by the Director of Resources in relation to the current volatility issues surrounding the construction industry.

At this juncture, in accordance with Article 2 of this minute, Councillor Cooke left the meeting prior to consideration of the following item of business and Councillor Copland joined the meeting as his substitute.

PLACE BASED INVESTMENT PROGRAMME - COM/22/205

11. With reference to article 11 of the minute of meeting of 21 June 2022, the Committee had before it a report by the Director of Resources which provided an update on the applications received and sought instruction from Committee on the allocation of the remaining £126,013 from the Place Based Investment Programme (PBIP) Fund; The report also sought approval to enter into a grant agreement with Torry Development Trust and Grampian Housing Association enabling spend of up to £1,408,965 of Scottish Government Regeneration Capital Grant Funding (RCGF) secured by Aberdeen City Council on behalf of Torry Development Trust and Grampian Housing association for the Victoria Road School Community Regeneration Project.

The report recommended:-

that the Committee –

- (a) awards up to £11,000 to the St Mary’s Episcopal Church (at present procathedral) for the West end ‘Peace Garden’ project;
- (b) awards up to £43,000 to Aberdeen City Council: Aberdeen Archives, Gallery and Museums (AAGM) for the Aberdeen Art Gallery auto-opening doors project; and
- (c) instruct the Chief Officer – City Growth to enter into a grant agreement with Torry Development Trust and Grampian Housing Association for up to £1,408,965 specifically for the Victoria Road School Community Regeneration Project with the funding to come from the Regeneration Capital Grant Fund.

The Committee resolved:-

to approve the recommendations.

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TORRY HEAT NETWORK - FOURTH PROGRESS REPORT - RES/22/204

12. With reference to article 16 of the minute of meeting of 28 October 2020, the Committee had before it a report by the Director of Resources which provided an update on the progress made with the construction aspects of the Torry Heat Network project.

The report recommended:-

that the Committee –

- (a) approve the proposed scope for the next phase (Phase 2) of the Torry Heat Network project detailed within section 3.1 of this report;
- (b) approve expenditure on this project being increased, as described in exempt appendix 11.1, following receipt of the noted grant offer of £5.617m from the Scottish Government, towards the next phase (Phase 2) of the Torry Heat Network project;
- (c) subject to the associated expenditure in recommendations 2.2 (of the report) being approved, approve the conclusion of call-off contracts with the Council's framework Contractor for the design and build of Phase 2;
- (d) authorise the Chief Officer - Corporate Landlord to enter into commercial discussions with Grampian Housing Association with regard to the potential supply of heat to their proposed mixed-use re-development of the former Victoria Road school, and report the outcome to a future meeting of this Committee; and
- (e) authorise the Chief Officer - Corporate Landlord to enter into commercial discussions with Ark Housing Association with regard to the potential supply of heat to their Balnagask Court premises and report the outcome to a future meeting of this Committee.

The Committee resolved:-

to approve the recommendations.

ABERDEEN - A REAL LIVING WAGE CITY - COM/22/218

13. The Committee had before it a report by the Director of Commissioning which sought approval for the Council to contribute to the development and implementation of an Action Plan to enable Aberdeen to become a Real Living Wage City.

The report recommended:-

that the Committee –

- (a) instruct the Chief Officer – City Growth to contribute on behalf of the Council to the development and implementation of an Action Plan setting out how Aberdeen will become recognised as a Real Living Wage City by 2026; and
- (b) agree that Councillor Allard, as the appointed Convenor of the Council's new Anti-Poverty and Inequality Committee with effect from 14 October 2022, is the Council's

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spokesperson on anti-poverty and inequality matters, including the Real Living Wage.

The Committee resolved:-

to approve the recommendations.

PERFORMANCE MANAGEMENT FRAMEWORK REPORT – CITY GROWTH AND RESOURCES FUNCTIONS - CUS/22/203

14. With reference to article 13 of the minute of meeting of 21 June 2022, the Committee had before it a report by the Director of Customer Services which presented the status of key performance measures relating to City Growth and Resources cluster activities.

The report recommended:-

that the Committee note the report and provide comments and observations on the performance information contained in the appendix.

The Committee resolved:-

to note the report and the performance information contained within the appendix.

A92 (BRIDGE OF DON TO BRIDGE OF DEE) MULTI-MODAL TRANSPORT CORRIDOR STUDY - COM/22/200

15. The Committee had before it a report by the Director of Commissioning which provided details in relation to the outcomes of the A92 (Bridge of Don to Bridge of Dee) Multi-Modal Transport Corridor Study (part of the Bus Partnership Fund Programme) Initial STAG (Scottish Transport Appraisal Guidance) based Options Appraisal report.

The report recommended:-

that the Committee –

- (a) agree that work to further develop the options outlined in paragraph 3.8 (of the report) be progressed to Detailed Appraisal and Outline Business Case (OBC);
- (b) instruct the Chief Officer – Strategic Place Planning to develop the Detailed Appraisal and OBC in accordance with the Transport Scotland governance decisions on the gateways for the Bus Partnership Fund;
- (c) note that the Bus Partnership Fund programme has been enabled through Scottish Government funding and that officers will continue to work with partners to deliver the projects in accordance with the grant conditions; and
- (d) instruct the Chief Officer – Strategic Place Planning to report back to the Net Zero, Environment and Transport Committee with the Detailed Appraisal and OBC and next steps by March 2023.

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The Committee resolved:-

to approve the recommendations.

A947 MULTI MODAL TRANSPORT CORRIDOR STUDY - COM/22/199

16. The Committee had before it a report by the Director of Commissioning which provided details of the outcomes of the A947 Multi-Modal Transport Corridor Study initial Scottish Transport Appraisal Guidance (STAG) based options appraisal report.

The report recommended:-

that the Committee –

- (a) agree that work to further develop the options outlined in paragraph 3.8 (of the report) be progressed to Detailed Appraisal and Outline Business Case (OBC);
- (b) instruct the Chief Officer – Strategic Place Planning to proceed to Detailed Appraisal and OBC, subject to appropriate funding being sourced;
- (c) instruct the Chief Officer – Strategic Place Planning to implement the ‘quick win’ options identified in paragraph 3.9 (of the report), subject to appropriate funding being sourced; and
- (d) subject to recommendation (b), instruct the Chief Officer – Strategic Place Planning to report the Detailed Appraisal and Outline Business Case and next steps to the Net Zero, Environment and Transport Committee when complete.

The Committee resolved:-

to approve the recommendations.

CONDITION AND SUITABILITY 3 YEAR PROGRAMME - RES/22/207

17. With reference to article 21 of the minute of meeting of 10 November 2021, the Committee had before it a report by the Director of Resources which sought approval of an updated 3-year Condition and Suitability (C&S) Programme.

The report recommended:-

that the Committee –

- (a) note the projects completed or legally committed to date in 2022/23 as shown in Appendix A;
- (b) note the currently approved projects and approves the amended estimated budgets for each project as shown in Appendix B;
- (c) approve the new Condition & Suitability Programme projects listed in Appendix C for inclusion in the Condition & Suitability Programme and approves the estimated budget for each project and delegates authority to the Chief Officer - Capital, following consultation with the Head of Commercial and Procurement Services, to consider and approve procurement business cases for each of these projects for the purposes of Procurement Regulation 4.1.1.2; and thereafter to procure

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appropriate works and services, and enter into any contracts necessary for the projects without the need for further approval from any other Committee of the Council;

- (d) approve the removal of the projects listed in Appendix D;
- (e) delegate authority to the Chief Officer - Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported retrospectively to the Committee; and
- (f) approve the Outline Business Case for the Tolbooth Improvement Works project shown in Appendix H.

The Committee resolved:-

to approve the recommendations.

In accordance with Article 1 of this minute, the following items were considered with the press and public excluded.

PROPOSED DISPOSAL OF SURPLUS SITE AT OSCAR ROAD, TORRY - RES/22/201

18. The Committee had before it a report by the Director of Resources which provided details on the outcome of the closing date for the sale of the surplus site on Oscar Road, Torry.

The report recommended:-

that the Committee –

- (a) accept the recommendation as detailed in paragraph 3.5 of the report; and
- (b) instruct the Chief Officer – Governance to conclude missives for the sale of the site incorporating various qualifications as are necessary to protect the Council's interest, together with any other matters as are required to complete the transaction.

The Committee resolved:-

to approve the recommendations.

PROPOSED DISPOSAL OF UNITS 1 - 8, WOODLANDS ROAD, DYCE - RES/22/185

19. The Committee had before it a report by the Director of Resources which provided details on the outcome of the closing date for the sale of the surplus property comprising Units 1 – 8, Woodlands Road, Dyce, Aberdeen.

The report recommended:-

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that the Committee –

- (a) accept the recommendation as detailed in paragraph 3.7 of the report; and
- (b) instruct the Chief Officer – Governance to conclude missives for the sale of the property incorporating various qualifications as are necessary to protect the Council's interest.

The Committee resolved:-

to approve the recommendations.

At this juncture, in accordance with Article 2 of this minute, Councillors Cooke and Macdonald left the meeting prior to consideration of the following item of business. Councillor Copland joined the meeting as Councillor Cooke's substitute.

Also, at this juncture, Councillor Yuill advised that he had a connection in relation to the following item of business by virtue of him being a member of the Scottish Episcopal Church, although not St Mary's Episcopal Church. Having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting.

REQUEST FOR BANK AND PENSION FUND GUARANTEES - RES/21/212

20. The Committee had before it a report by the Director of Resources which sought consideration of the requests for financial guarantees from external organisations with which the Council currently has a financial relationship and to amend the financial terms where necessary.

The report recommended:-

that the Committee –

- (a) approve, in continued support of the company named in section 3 of the report, an eighteen-month extension of the guarantee to the Bank of Scotland in respect of a maximum overdraft facility of £250,000 for the period 1 October 2022 to 31 March 2024;
- (b) approve that Aberdeen City Council act as a guarantor for the company named in section 3 of the report in respect of North East Scotland Pension Fund liabilities;
- (c) approve that Aberdeen City Council act as a guarantor for the company named in section 3 of the report in respect of North East Scotland Pension Fund liabilities, subject to agreement by both Aberdeenshire and Moray councils to act as joint guarantors on an agreed shared basis;
- (d) approve, subject to (vi) below, that Aberdeen City Council act as guarantor for the purchase of gas by the company named in section 3 of the report from 1 November 2022 to 31 March 2023 (five months), noting this has an estimated cost of £5.8m

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and the company named in section 3 of the report has funding in place to support approx. £4.8m of this cost;

- (e) approve, subject to (vi) below, that Aberdeen City Council will act as guarantor for the company named in section 3 of the report in respect of an overdraft facility of up to £1m from 1 November 2022 to 31 March 2024; and
- (f) instruct the Head of Commercial & Procurement Services, to agree Heads of Terms with the company named in section 3 of the report on taking the action(s) required to make the company named in section 3 of the report compliant, and where necessary review and implement changes to the relationship between the Council and the company named in section 3 of the report to support this.

The Committee resolved:-

to approve the recommendations.

At this juncture, in accordance with Article 2 of this minute, Councillor Grant left the meeting prior to consideration of the following item of business.

WALLACE TOWER - RES/22/206

21. With reference to article 42 of the minute of meeting of the Finance, Policy and Resources Committee of 21 April 2011, the Committee had before it a report by the Director of Resources which provided details in relation to a request by the Tillydrone Community Development Trust to purchase Common Good property (i.e. the Wallace Tower) and sought approval to undertake the statutory consultation required and progress the necessary application to the court.

The report recommended:-

that the Committee –

- (a) instruct the Chief Officer - Corporate Landlord to undertake a consultation as required by the Community Empowerment (Scotland) Act 2015 (Part 8 - Common Good Property) on the revised request from Tillydrone Community Development Trust (TCDT) to acquire ownership of the Wallace Tower and surrounding land, once such request has been finalised by TCDT;
- (b) instruct the Chief Officer - Corporate Landlord to bring a report to the appropriate committee, seeking further decisions, if adverse representations are received during the consultation period and are not withdrawn;
- (c) if no such adverse representations are received during the consultation period, or if such adverse representations as are received are withdrawn, instruct the Chief Officer - Governance to arrange for an application to an appropriate court, under section 75(2) of the Local Government (Scotland) Act 1973, for authority to dispose of the site on which the Wallace Tower is erected and sufficient ground around that site to allow for the development of viable community facilities (Appendix 1); and

CITY GROWTH AND RESOURCES COMMITTEE

21 September 2022

- (d) if such authority is granted by the court, instruct the Chief Officer – Corporate Landlord to progress such disposal under the Disposal of Land by Local Authorities (Scotland) Regulations 2010.

The Committee resolved:-

to approve the recommendations.

TORRY HEAT NETWORK - FOURTH PROGRESS REPORT - EXEMPT APPENDICES

22. The Committee had before it exempt appendices relating to the Torry Heat Network – Fourth Progress report. (Article 12 of this minute refers)

The Committee resolved:-

to note the information contained within the exempt appendices.

CONDITION AND SUITABILITY 3 YEAR PROGRAMME - EXEMPT APPENDICES

23. The Committee had before it exempt appendices relating to the Condition and Suitability 3 Year Programme report. (Article 17 of this minute refers)

The Committee resolved:-

to note the information contained within the exempt appendices.

- **COUNCILLOR ALEX McLELLAN, Convener.**

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	A	B	C	D	E	F	G	H	I
1	FINANCE 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			02 November 2022 (Special Meeting)						
4	Council Financial Performance, Quarter 2 2022/23	To present the Council's financial position for the quarter.		Lesley Fullerton	Finance	Resources	1.1		
5	Footdee Bus Services	The CG&R Committee on 21/9/22 agreed to (1) instruct the Director of Commissioning to invite First Bus to meetings including the Convener and Vice Convener of the City Growth and Resources Committee (soon to be renamed the Finance and Resources Committee) and the Councillors for the George Street / Harbour Ward to discuss the impact the changes to the bus services have had on residents of Footdee, and to explore options to include Footdee in the public transport network; and (2) instruct the Director of Commissioning to report back to the next meeting of the Finance and Resources Committee (2 November 2022) on the outcome of the meetings agreed in point 1 and any potential further steps.		Chris Cormack	Operations and Protective Services	Operations	1.1		
6			07 December 2022						
7	Procurement Workplans and Business Cases	To seek approval of the estimated expenditure on the procurement business cases.	Transferred from SCC - standing item each cycle	Craig Innes	Commercial and Procurement	Commissioning	1.1.5		
8	Commissioning Risk Register	To present the risk register.	Transferred from SCC - due to be reported November 2022	Craig Innes	Commercial and Procurement	Commissioning	2.1.4		
9	Performance Management Framework Report – City Growth, Resources, Commercial and Procurement Functions	To inform Members of service delivery performance, commitments and priorities relating to City Growth, Resources, Commercial and Procurement as reflected within the Council's commissioning intentions and the Council Delivery Plan.		Alex Paterson/Louise Fox	Chief Officer – Data and Insights	Customer	2.1.3		

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2									
10	Procurement Workplan and Business Cases - Capital Expenditure	The purpose of this report is to present procurement workplans for each Function to Committee for review and to seek approval of the total estimated capital expenditure for the proposed contracts as required by ACC Procurement Regulations 2021.	There may not be a need to present a report for each meeting, this would be dependant on submission of business cases required.	Mel Mackenzie	Head of Commercial and Procurement	Commissioning	1.1.6		
11	Aberdeen Hydrogen Hub - Site Selection	The CG&R Committee on 3/2/22 agreed to note in principle the proposed sites in Appendix E (together with the associated planning risks) for the solar park array and the hydrogen production and refuelling facility and instructs the Chief Officer City Growth, in consultation with the Chief Officer Corporate Landlord to provide an update on Site Selection and any associated commercial terms at the next meeting of this Committee	The CG&R Committee on 21/6/22 noted - The joint venture with BP has been established and the JV team are currently reviewing site options with a view to a proposal going to the JV board for decision at some point in this financial year. Will likely be reported at the meeting in December 2022.	Stephen Booth	Corporate Landlord / City Growth	Resources			
12	Public Art Guidance and Panel	Approval of new corporate guidance for public art commissioning and caretaking, including the establishment of a Public Art Panel to support and coordinate delivery processes.		Elsbeth Winram	City Growth	Commissioning	2.1.2		
13	Wellington Road	Council on 24/8/22 agreed to instruct the Chief Officer - Corporate Landlord to enter in discussions with the Scottish Government to acquire the land at Wellington Road and to report back the outcome of those discussions at the next City Growth and Resources Committee		Stephen Booth	Corporate Landlord	Resources			
14	New Housing Programme Delivery	To provide an update to Committee in relation to th Housing Development Programme	Transferred from Capital Programme Committee	John Wilson	Capital	Resources			
15	Summerhill New Build Housing Project Update	To provide an update to Committee in relation to the Summerhill Housing Development	Transferred from Capital Programme Committee	John Wilson	Capital	Resources			
16	B999 Shielhill Junction	to provide an update on the project	Transferred from Capital Programme Committee	Alan McKay	Capital	Resources			
17	Auchmill New Build Housing Project	To provide an update to Committee in relation to the Auchmill Housing Development	Transferred from Capital Programme Committee	John Wilson	Capital	Resources			
18	Aberdeen Art Gallery	Capital Programme Committee 1 December 2021 - The Aberdeen Art Gallery Post Project Evaluation Report is delayed until the on-going contractual and legal process to reach a contract/financial settlement with the appointed Principal Contractor for the main works has been resolved.	Transferred from Capital Programme Committee	John Wilson	Capital	Resources			

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2									
19	Wallace Tower	To advise committee of the outcome of the consultation regarding the proposed disposal of this Common Good property following the amendment to the original request by the Tillydrone Community Development Trust.		Cate Armstrong	Corporate Landlord	Resources			
20	Property Auction- alternative avenue of surplus asset disposal pilot project	To request committee approval to undertake a pilot project to take surplus assets to property auction for disposal.	The CG&R Committee on 21/9/22 noted that this project/ report has been delayed due to unfilled posts and re-organising of priorities within the team.	Peter Thatcher	Corporate Landlord	Resources	4.1 & 4.4		
21	Bucksburn Academy Extension - Outline Business Case	The EODC on 08/09/22 agreed to note that officers had completed a feasibility study on the proposed permanent extension to Bucksburn Academy, and instruct the Chief Officer – Corporate Landlord to report back to the Finance and Resources Committee with an outline business case for consideration.		Andrew Jones/Maria Thies	Corporate Landlord	Resources			
22	Tolbooth Museum Works – Full Business Case	To seek approval of the full business case for improvement works at the Tolbooth Museum. In addition to seek approval to award the contract as indicated within the report.		Alastair Reid	Corporate Landlord	Resources	4.1		
23	Local Authority Bus Services/Controlled Bus Companies	<p>The CG&R Committee on 26/09/19 agreed to instruct the Director of Resources to monitor the sale position of First Aberdeen Limited and report back to the City Growth and Resources Committee on 6 February 2020 with an update on the proposed sale and recommended next steps for the Council.</p> <p>The CG&R Committee on 28/10/20 agreed that given that First Bus has indicated it is no longer for sale, instruct the Chief Officer – Strategic Place Planning to report back to the City Growth and Resources Committee in February 2022 with the steps that would be necessary to establish the setting up by the Council of a municipal bus company as part of the Council's commitment to green energy and net zero and in order to fulfil any obligations under any low emission zone that the Council may wish to implement.</p>	On 24 June 2022 the Transport (Scotland) Act 2019 (Commencement No.5) Regulations 2022 came into force. This means that authorities are now able to operate local bus services using a PSV licence, providing they are satisfied that the provision of such services will contribute to the implementation of their relevant general policies. To aid local transport authorities who wish to proceed with this option, Transport Scotland have produced an information note summarising obligations that should be considered. This can be viewed here: Information note: The local authority run services provision in the Transport (Scotland) Act 2019 Transport Scotland. This does not go as far in terms of guidance, as Officers had pushed for, but Officers will now be in a position to report back to the next available Committee.	Chris Cormack		Resources	1.1.8 & 3.2		

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2									
24	Unrecoverable Debt	To advise numbers and values of Council Tax, Non-Domestic Rates, Housing Benefit Overpayments, Penalty Charge Notices, Bus Lanes Enforcement Charge Notices, Service Income and Council House Rent debts made unrecoverable during 2021/22 as required in terms of the Council's Financial Regulations and approve Non-Domestic Rates write offs in excess of £25,000.		Wayne Connell	Customer Experience	Customer	1.1.13		
25	Aberdeen Community Wealth Building	The CG&R Committee on 10/11/21 agreed to instruct the Chief Officer - City Growth to present to the February meeting of the committee details in respect of an Aberdeen Community Wealth Building approach to maximising local economic impact and an integrated approach by the Council to supporting businesses and the delivery of investment opportunities The Committee on 3/2/22 agreed to defer this. At the city region level, stakeholders are discussing a refresh of the 2015 Regional Economic Strategy. In light of this work, and its focus		Jim Johnstone	City Growth	Commissioning	2.1.2, 3.3 & 3.4		
26			01 February 2023						
27	Scotland Excel Annual Report	To consider the annual Scotland Excel report	Transferred from SCC - due to be reported February 2023 - for F&R?	Melanie Mackenzie	Commercial and Procurement	Commissioning			
28	Events 365 Update & Forward Plan	To report on the 2016 Events Plan (events, key performance indicators); to agree a plan for the next three years	to be submitted prior to March 2023	Matthew Williams	City Growth	Commissioning	2.1.2 & 3.2		

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2									
	Proposals for Investment for Works at Riverbank School to Accommodate the Relocation of St. Peter's School	<p>Council on 3 March 2020 agreed to instruct the Chief Officer Corporate Landlord to take forward the proposals for investment for works at Riverbank School to accommodate the relocation of St. Peter's School once Riverbank School relocates to the City Growth and Resources Committee on 28 October 2020 with an indicative programme.</p> <p>Council on 10 March 2021 agreed to note that also included within the General Fund Capital Programme is £500,000 for the relocation of St Peters RC School to the current Riverbank School site is added to the Capital Plan and instruct the Chief Officer - Corporate Landlord to take forward design development to allow the full business case and construction costs to be reported to the City Growth and Resources Committee in advance of the 2023 budget process.</p> <p>Education Operational Delivery Committee on 8th September 2022 agreed to instruct the Chief Officer Capital to submit the refurbishment of the Riverbank School building project as a priority project for LEIP phase 3 funding and to report back to the Education and Children's Services Committee with an update on the outcomes of the funding bid and recommendations on next steps.</p>	The CG&R Committee on 21/9/22 noted that given the decision at EODC on 8/9/22 (see column B) a report will now be submitted in February 2023	Andrew Jones/Maria Thies	Corporate Landlord	Resources	4.1		
29									
	St Machar Academy - Removal of Unused Modular Classroom Buildings - Feasibility Study	The EODC on 08/09/22 agreed to instruct the Chief Officer – Corporate Landlord to make arrangements to carry out a feasibility study to consider the options for the removal of unused modular classroom buildings at St Machar Academy, and for carrying out general improvements to the outdoor space at the school, and to present a costed outline business case to the Finance and Resources Committee for consideration.		Andrew Jones/Maria Thies	Corporate Landlord	Resources			
30									
	Torry Heat Network	The CG&R Committee on 21/9/22 agreed to (1) authorise the Chief Officer - Corporate Landlord to enter into commercial discussions with Grampian Housing Association with regard to the potential supply of heat to their proposed mixed-use re-development of the former Victoria Road school, and report the outcome to a future meeting of this committee; and (2) authorise the Chief Officer - Corporate Landlord to enter into commercial discussions with Ark Housing Association with regard to the potential supply of heat to their Balnagask Court premises and report the outcome to a future meeting of this committee.		Stephen Booth	Corporate Landlord	Resources			
31									
32			29 March 2023						

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2									
33	Christmas Village 2022 Feedback Report	To provide feedback on the 2022 Christmas Village, and make recommendations for the 2023 and beyond		Matthew Williams	City Growth	Commissioning	2.1, 2.1.1 & 2.1.2		
34			17 May 2023						
35	No reports at this time								
36			05 July 2023						
37	Cluster Risk Registers - Governance / SPP / City Growth / Finance / Commercial & Procurement Services / Capital and Corporate Landlord	To present and report the Cluster Risk Registers in accordance with Committee TOR		Ronnie McKean	Governance	Governance	2.1.4		
38			13 September 2023						
39	Fleet Replacement Programme (Annual Report)	To present the current position of the programme for Fleet Vehicles and Assets		John Weir	Operations and Protective Services	Operations	1.1.6		
40	Annual Committee Effectiveness Report	To present the Annual Committee Effectiveness Report		Mark Masson	Governance	Governance	GD 8.5		
41			22 November 2023						
42	Ellon Park & Ride to Garthdee Transport Corridor Study (Bus Partnership Fund)	The Committee on 3/2/22 agreed to instruct the Chief Officer - Strategic Place Planning to report back to this Committee with the Outline Business case and next steps by December 2023.		Kevin Pert	Strategic Place Planning	Commissioning	3.2 & 3.3		

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2									
43	A96 Multi-Modal Study	The CG&R Committee on 21/6/22 agreed to instruct the Chief Officer - Strategic Place Planning to report back to this Committee with the Outline Business Case and next steps by December 2023.		Ken Neil	Strategic Place Planning	Commissioning	3.2 & 3.3		
44			2024						
45	External Transportation Links to Aberdeen South Harbour	The CG&R Committee on 25/8/21 agreed that subject to approval by the UK and Scottish Governments, instruct the Chief Officer - Capital to progress the next stages of project delivery, including but not limited to, surveys and investigations, design development, obtaining all necessary approvals, permissions, licences, agreements and consents required to develop the design and an Outline Business Case for the project and to report back to this Committee and the City Region Deal Joint Committee upon completion in 2024, and to provide an update if not completed by that time.		John Wilson	Capital	Resources			
46			TBC						
47	Impact on Aberdeen of Scottish Government Funding	Council on 5/3/18 agreed as part of our commitment to Civic Leadership and Urban Governance instruct the Chief Executive to bring a report to the City Growth and Resources Committee working with partners to include our ALEOs, Aberdeen and Grampian Chamber of Commerce, Aberdeen Burgesses Federation of Small Businesses, Opportunity North East, and Scottish Enterprise to assess the impact on Aberdeen of Scottish Government funding in comparison to the funding received by other local authorities and identify how the council can encourage the Scottish Government to provide a better financial settlement for Aberdeen.		Richard Sweetnam	City Growth	Commissioning	1.1 & 3.2	R	Council has recently approved a MTFs based on the Scottish Government Resource allocation and therefore recommended for removal.

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2									
48	Marywell to A956 Wellington Road – Cycle Path (RCD5394) 19/20	The CG&R Committee on 6 June 2019 agreed to instruct the Chief Officer – Capital and Chief Officer – Strategic Place Planning to undertake detailed design and cost estimates of the Preferred Route and connections, and to report back to this Committee for approval to construct in due course.	As of 01/09/21 - Sustrans Places for Everyone fund is currently closed to new applications until spring 2022 at the earliest, with funding for 20/21 and 21/22 having been diverted to support Spaces for People initiatives to aid physical distancing, encourage walking and cycling and support Covid recovery. Officers will engage with Sustrans as soon as funding streams open again for new bids.	Alan McKay	Capital	Resources	3.2		
49	Living Wall	The CG&R Committee on 3/2/2021 agreed to instruct the Chief Officer – City Growth, to investigate alternative ways to deliver a living wall in the city centre and to report back to the May meeting of the Committee. The CG&R Committee on 11/5/2021 agreed to retain this item on the planner for the timebeing.	A report will be brought back to Committee by officers if and when funding streams become available	Stuart Bews	City Growth	Commissioning		R	Given no funding streams have been identified for the foreseeable future in relation to the priority of wider City Centre Masterplan recommended for removal.
50	Freeport/Greenport update	The CG&R on 11/5/21 agreed to instruct the Chief Officer - City Growth to report back to this Committee on the development and outcome of any proposals if they progress.	Chief Officer – City Growth reported back to the Council meeting on 25 August 2022 on the submission of the North East of Scotland Green Freeport bid. At the time of writing, the outcome of the bidding process is not known.	Jamie Coventry	City Growth	Commissioning			

Notice of Motion by Councillor Macdonald – Referred from Council

That the Committee:-

- (1) Notes the announcement on 22 September that Stoneywood Mill has been put into Administration, and that over 300 staff have been made redundant;
- (2) Recalls the actions taken by the City Council working with Scottish Ministers and other partners in 2019, to prevent such an outcome at Stoneywood Mill by supporting a management buy-out;
- (3) Commends the workforce and its trade union Unite for their commitment to the Mill and their continuing efforts to protect jobs and to sustain the dynamism and diversity of the local economy in Aberdeen;
- (4) Recognises in particular the impact on the local communities on Donside, where Stoneywood Mill has been a major employer for over 250 years; and
- (5) Commits to working with Unite, Scottish Ministers and other partners to secure the best possible outcome for the business and its workforce, and calls for an urgent report from the Chief Officer - City Growth at the earliest opportunity to outline options available including taking Stoneywood Mill into public ownership.

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Notice of Motion by Councillors Boulton, Bouse, Henrickson, Hutchison and Macdonald – Referred from Council

That the Committee:-

- (1) Notes the announcement on 6 October 2022 that the Centre for the Moving Image (CMI), the charity that operated The Belmont Cinema in Aberdeen has gone into Administration with the loss of 22 jobs.
- (2) Acknowledges the efforts of staff at the Belmont Cinema in contributing to the cultural offering of the city;
- (3) Agrees that the Belmont Filmhouse plays a number of important roles supporting accessible and inclusive cultural cinema across the North East, while also making significant contributions to people's lives in local communities in Aberdeen.
- (4) Notes that Aberdeen City Council owns the property that the Belmont Cinema operated from.
- (5) Notes that the Chief Officer - City Growth is in contact with the administrators, the Save the Belmont Cinema campaign group, Creative Scotland, Scottish Government and other stakeholders to explore whether there are potential options for the sustainable operation of the Belmont Cinema; and
- (6) Instructs Chief Officer – City Growth to report back to the next appropriate committee on any developments and the implications for the Council.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	2 November 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Council Financial Performance – Quarter 2, 2022/23
REPORT NUMBER	RES/22/247
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

1.1 To provide the financial position of the Council as at Quarter 2 (30 September 2022) and the full year forecast position for the financial year 2022/23, including:

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

2. RECOMMENDATION(S)

That the Committee :-

- 2.1 Note the positive cash position that has been achieved for the General Fund and HRA to the end of Quarter 2 as detailed in Appendix 1;
- 2.2 Note the Common Good financial performance to the end of Quarter 2 as detailed in Appendix 3, specifically the £3.7m reduction in cash balances due to investment volatility;
- 2.3 Note that the General Fund full year forecast position, as detailed in Appendix 2, is expected to show a deficit of £4.4m for 2022/23, and that the Chief Officer – Finance is instructing that budget holder act to delay, stop or reduced expenditure wherever possible to mitigate this deficit; and note that any remaining deficit will be mitigated from the use of earmarked reserves;
- 2.4 Note that the HRA full year forecast position, as detailed in Appendix 2, is on target to achieve the approved budget, making a contribution to HRA reserves for 2022/23;
- 2.5 Note that the Council relies on the Integration Joint Board (IJB) achieving a balanced budget, and that the IJB retains reserves to mitigate unplanned additional costs arising during the year; and

- 2.6 Note that the forecast for General Fund and Housing capital expenditure is that there will be lower spend than had been budgeted in 2022/23 as described in Appendix 2;

3. CURRENT SITUATION

- 3.1 The Local Government Finance Act 1992 provides that the Council must set its Council Tax amount by 11 March each year for the next financial year. The amount set must be sufficient to meet total estimated expenditures. This means that having taken account of expenditure, agreed savings and income from other sources, the level of Council Tax must ensure that a balanced budget is set by the Council. Aberdeen City Council set the Council Tax for 2022/23 on 7 March 2022 to ensure a balanced budget for year ahead, in accordance with its statutory duty.
- 3.2 This report focuses on both the financial performance for the year to 30 September 2022 and the forecast financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.3 Across the General Fund the recovery from the Covid-19 pandemic continues to impact the financial position, and the need to address ongoing cost pressures remains a feature of the Quarter 2 position and forecasts.
- 3.4 Further financial risks from the war in the Ukraine resulting in supply chain volatility, and rising inflation, to levels not seen for four decades, are now also affecting the Council, and where these are known they have been taken into account in the financial forecasts. Quarter 2 included some of the most significant financial market turbulence seen for years, with the cost of government borrowing rising and interventions by the Bank of England. The consequence is that these higher rates are increasing the cost of capital investment for the Council which will affect affordability tests for capital projects.
- 3.5 The appendices show that the IJB is forecasting a balanced position as at Quarter 2. The Board continue to rely on some Covid-19 related costs being met by Scottish Government however retain reserves to use to support operations as the impact of the pandemic changes. The Council continues to rely on the financial position of the IJB to mitigate any exposure the Council has to additional funding.
- 3.6 The Council retains a contingency budget to address unexpected and unplanned expenditure, as well as costs that could arise as a result of the identified contingent liabilities coming to fruition or from risks included on the corporate and operational risks registers. The Risk Board routinely reviews the risk registers, and the Chief Officer - Finance tracks the contingent liabilities, and these are included in Appendix 1.
- 3.7 As referenced above, a £4.4m deficit position is currently forecast based on this latest data, and this will be funded from the use of earmarked reserves held on

the Council Balance Sheet and utilising the financial flexibility offered by Scottish Government to defer payment of the loans fund instalment for 2022/23.

- 3.8 While the earmarked reserves provide part of the solution at this time, these are finite and if the situation changes then further consideration would have to be made.
- 3.9 Changes that could benefit the Council in the short to medium term continue to be discussed at a national level. The Council has budgeted to make use of those that have been put in place (i.e. the loans fund repayment deferral) but the impact on the Council finances in relation to the Service Concession flexibilities (i.e. changes proposed in accounting treatment for the Public & private Partnership contracts) has yet to be calculated, with guidance only recently being issued. A review of Capital Accounting for local authorities has recently been paused for a year but remains an ambition of Scottish Government to complete. I have not assumed the use of this fiscal flexibility in forecasting the outturn for 2022/23.
- 3.10 Turning to the General Fund Capital Programme, all capital works were affected by the lockdown restrictions. Budgets were reprofiled when the budget was set on 7 March 2022 and again by Council in August 2022 following the unprecedented volatility in the market. That said, progress is being made on key sites that are currently under construction, while others have been paused to retender. Spending is expected to be less than had been profiled but consideration will have to be given to the rising costs in some areas of the programme, as detailed in Appendix 2.
- 3.11 The Capital Programme spend being lower than budget, primarily due to the pausing of some sites/projects but also the delays in timing of expenditure, will reduce the requirement for borrowing during this financial year and will defer the revenue cost until future years. Project progress will now be monitored through this Committee.
- 3.12 The Housing Revenue Account is forecasting to be on budget and the associated Housing Capital Programme is currently expected to be below budget, for similar reasons to the General Fund programme, with paused sites and delayed expenditure due to current market conditions and operating arrangements.
- 3.13 The Common Good is expected to be slightly ahead of budget. The investment of cash balances in a Multi-asset Income Fund has been put in place with Fidelity as the fund manager since last year. This continues to deliver the level of income the Common Good was expecting, however the value of the underlying investment has continued to fall, and at the end of Quarter 2, this amounted to a further £3.7m since March 2022. The investment remains a long-term financial instrument and performance should be measured over a period of 3 to 5 years rather than a single year.
- 3.14 Summary of Financial Statement Appendices

1. The financial statements reflect the income and expenditure of the General Fund and Housing accounts for the period to 30 September 2022 and, where the impact of statutory accounting adjustments can be calculated, these have been reflected in the financial statements as required by International Financial Reporting Standards (IFRS). The position at 30 September 2022 is positive as the profile of income from Scottish Government supports expenditure levels.

The Balance Sheet figures at 30 September 2022 show an overall increase in net worth of the Council to £1.6 billion. The figures shown include statutory adjustments where these have been made, and where this is not possible the figure as at 31 March 2022 has been used.

2. This provides an overview of the forecast outturns for revenue and capital across the General Fund, Housing Revenue Account and Common Good. These financial statements provide a comprehensive summary of where the Council expects to be at the end of the financial year. These forecasts indicate that the General Fund will be £4.4m over budget, with instruction to budget managers to delay, reduce, stop expenditure where possible aiming to mitigate this, the use of earmarked reserves provides the assurance that the General Fund can be balanced for the year. The Council will continue to manage cost pressures across the whole portfolio of services whilst all other revenue accounts are expected to be on budget. Capital investment expenditure is forecast to be lower for the year, which will be funded by a mixture of Scottish Government Capital Grants, contributions from other partners and borrowing, as well as a substantial contribution from revenue to support the Housing Capital programme.
3. This presents the Common Good position as at 30 September 2022 and provides an overview of performance.
4. This provides information on the Group Entities. Due to the timing of this report not all performance reports are available in relation to Quarter 2 and in the absence of Quarter 2 information the latest 2022/23 data has been provided where appropriate.

4. FINANCIAL IMPLICATIONS

- 4.1 The full year financial position is provided in Appendix 2 to this report and the revenue positions are summarised below:

Revenue	2022/23 Budget £'000	2022/23 Forecast (Surplus) / Deficit exc. Group £'000	Variance (Under) / Over Budget £'000
General Fund	0	4,411	4,411
HRA	(500)	(500)	0
Common Good	(319)	(340)	(21)

4.2 The capital position can be summarised as follows:

Capital	2022/23 Budget £'000	2022/23 Forecast Expenditure £'000	Variance (Under) / Over Budget £'000
General Fund	239,860	180,011	(59,849)
HRA	182,473	133,452	(49,021)

4.3 Details of key variances for the capital budgets can be found in Appendix 2.

4.4 Appendix 1 includes a Management Commentary providing information on the 2022/23 financial position, including details of the movement between Reserves.

4.5 The usable reserves have moved as follows:

Usable Reserves	Balance at 31 March 2022 £'000	Balance at 30 September 2022 £'000	Movement £'000
General Fund	(72,152)	(201,585)	(129,433)
HRA	(15,215)	(21,152)	(5,937)
Statutory & Other	(20,859)	(13,154)	7,705
Total	(108,226)	(235,891)	(127,665)

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. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The risks detailed within Appendix 2 are reflected across the Council's risk registers and are managed in accordance with the Council's risk management arrangements. The risks are mitigated and managed by the establishment of control actions in addition to existing control measures and activities to achieve a risk score that is consistent with the Council's risk appetite.

7.2 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Failure to manage Council finance and resources could lead to failure to achieve strategic objectives.	Robust financial reporting and monitoring activities, combined with a rigorous financial planning process as part of the commissioning cycle prepare the Council for the years ahead. Financial resilience to address financial pressures arising in-year is maintained and monitored.	M	Yes
Compliance	There is the risk that the accounts do not comply with legal and accounting legislation.	Annual external audits are undertaken to review the financial transactions and controls. Ongoing internal audits also review specific financial and service data.	L	Yes
Operational	There is the risk that there may be an IT system failure.	Daily backups taken and held offsite for security purposes. Constant review and update of security systems for IT.	M	Yes
Financial	The main financial risk the Council is managing is the supply chain and inflation impact on costs.	Reviewing all areas of expenditure with a view to only incurring essential expenditure. Forecasts have taken account of known implications Regular reporting and action taken where appropriate.	M	Yes
	In relation to capital projects there is a	Quantification and review of indicative projects costs by suitable qualified staff	M	Yes

	<p>risk that following the procurement process tendered costs will vary from that assumed at the time of project approval.</p> <p>The risk that workforce management options are not affordable in the future, such as the cost of the VS/ER scheme described in Appendix 2 (page 5).</p>	<p>or external body, where appropriate.</p> <p>Review of capital programme and options for reprofiling is included at Appendix 5.</p> <p>Current permission from Scottish Government to use capital receipts for voluntary severance / early retirement revenue costs ends on 31 March 2023. Unless extended, alternative revenue funding would have to be found or changes made to the scheme.</p>	H	Yes
Reputational	<p>There is a risk that through the reduction of expenditure the Council may be criticised that spending isn't in line with public expectation of service delivery.</p>	<p>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. Regular reporting during the year provides an ongoing description of the position the Council is in and the situations it faces.</p>	M	Yes
Environment / Climate	<p>None identified</p>			

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals in this report have no impact on the Council Delivery Plan
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The proposals in the report have no impact on the Local Outcome Improvement Plan
Prosperous People Stretch Outcomes	The proposals in the report have no impact on the Local Outcome Improvement Plan
Prosperous Place Stretch Outcomes	The proposals in the report have no impact on the Local Outcome Improvement Plan
Regional and City Strategies	The proposals in this report have no impact on Regional and City Strategies

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	not required
Other	not required

10. BACKGROUND PAPERS

None

11. APPENDICES

- Appendix 1 – Financial Statement for the period ending 30 September 2022
- Appendix 2 – Forecast Financial Position for the year 2022/23
- Appendix 3 – Common Good Financial Statement for the period ending 30 September 2022
- Appendix 4 – Group Entities Forecast Financial Position for the year 2022/23

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**FINANCIAL STATEMENT
FOR THE PERIOD ENDING
30 SEPTEMBER 2022**

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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 6-month period to 30 September 2022.

Combined with Appendix 2, it also provides an insight into the expected financial performance for the remainder of the financial year 2022/23, 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. Appendices 3 and 4 present the latest information in relation to the Common Good and Group entities.

Background

The Council must comply with a wide range of legislation and regulation in the course of its work. Since 2016/17 the issue of bonds on the London Stock Exchange (LSE) has placed an increased level of regulation around council finances in particular. Maintaining a credit rating, annually assessed, and compliance with the reporting and disclosure requirements of the LSE means an extra level of scrutiny is placed on the Council.

Moody's (the credit rating agency) published their latest credit rating assessment of the Council in January 2022 maintaining a rating of 'A1 with a stable outlook', in line with the recent change to the UK's rating in October 2020 remaining one notch below the UK Government.

The Council's 2021-22 Annual Accounts were audited by KPMG LLP, independent external auditor, and approved at Audit, Risk & Scrutiny Committee on 27 September 2022. The outturn position achieved as at 31 March 2022 was in line with forecasts, carrying forward a large value of grant funding, received to support the continued response, but predominantly for recovery from the Covid pandemic. This placed the Council in a strong place to move into 2022/23 and tackle the financial pressures that it faces.

As at 1 April 2022 the Council held Usable Reserves of £108.2 million and had a Net Asset Value of £1.4 billion.

The Council set its 2022/23 budgets on 7 March 2022, approving for the General Fund a range of budget savings options to set a balanced budget for the year. This included a Council Tax increase of 3%. The Council also agreed to use a proportion of the earmarked reserves to maintain services and fund priorities.

The General Fund budget took account of a range of pay and price inflation pressures, in particular the pay award of c.2%, which was in line with the stated Public Sector Pay Policy of the Scottish Government when the budget was set. This was an estimate, as the pay deal came to an end on 31 March 2022.

Proposals to make use of Scottish Government approved fiscal flexibilities to manage the cost of capital financing costs were included in the budget – a one-off funding solution for 2022/23. There were conditions attached to the Scottish Government financial settlement in relation to funding for Community Health and Social Care and to support maintaining teacher numbers across Scotland. Demand and emerging pressures from higher school rolls and out of authority placements were also incorporated.

Since the budget was approved there have been significant changes to the financial environment. The impact of Covid-19 continues to be felt by the Council, both in supporting our citizens and our city, and in terms of the impact on Council finances, a similar response has been required to address the Ukrainian refugee situation with over 1,000 people being supported in the city since June 2022. The rising cost of energy will affect almost all of the Council's services

during 2022/23 and the influence of increasing inflation that is at a 40-year high continues to affect the cost of goods and services to the Council.

The economic conditions in the country were extremely volatile through the second quarter, with a change of Prime Minister in early September, a mini-budget presented by the Chancellor on 23 September, that brought in the Energy Price Guarantee amongst many tax cutting initiatives, but was followed by an period of extreme financial turmoil. Financial markets reacted such that many of the initiatives announced in the mini-budget have subsequently been reversed by a new Chancellor. This leaves a shorter duration for the Energy Price Guarantee scheme but retains the National Insurance Contribution rate reduction that applies from November 2022.

The result has been an increase in the cost of government borrowing, increasing borrowing rates for individuals, businesses, and the public sector at large, with local authorities seeing significant increases in borrowing rates through the PwLB, and while rates spiked between 23 and 28 September 2022 to rates not seen since 2007, as at 25 October the borrowing rates were similar to those last experienced in September 2011. The cost of new borrowing is rising and with inflation and construction inflation at very high levels also being key factors, the Council should expect the cost of capital investment to rise substantially for both the General Fund and the Housing Revenue Account.

The Housing Revenue Account budget was approved and as agreed at the Council meeting on 10 March 2021 there was a two-year rent freeze, with no increase to rents charged for 2022/23, which was a deviation from the approved Council fixed term rent policy.

Our Financial Performance: General Fund

• Performance in Quarter 1

In March 2022, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2022/23. Performance for the year is measured against these budgets with the projected full year position considered in Appendix 2 of this report. This section focuses on the actual financial results for the period from 1 April to 30 September 2022 presented in the format of our Annual Accounts on pages 6 to 13.

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

1. Operations

At 50% against the full year budget encouragingly the majority of services are on target or under budget, there are a number of significant areas that are over budget, such as Out of Authority Placements, which is being offset in part by lower spend on Fostering, and Fleet Management.

2. Customer

At 48% against the full year budget, the function's net expenditure for the year to date is under budget. Most services are showing small underspends at this stage of the year.

3. Commissioning

At 56% against the full year budget, the function's net expenditure for the year is above budget. This relates to project funding yet to be received and the allocation of savings to services not yet having been achieved due to pressure on contracts from inflation and prices increase, risk of these savings not being met are highlighted in Appendix 2 regarding the full year.

4. Resources

The function has a budget where a significant proportion of costs are recharged to other accounts of the Council and to external customers. The recharges are directly related to the progress of specific projects in the capital programme and are usually undertaken later in the year. Corporate energy and utility costs have had an impact since the first quarter and continue to be significantly above budget.

5. Integration Joint Board (IJB) / Adult Social Care.

The function's net expenditure is 37.89% against the full year budget. This relates to the carry forward of income from 2021/22.

6. Corporate

Includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt. Expenditure is generally in line with budget where expenditure is being incurred, but contingency budgets, including for pay as described above, are held for the purpose of being used if needed.

Contingencies are critical to the effective and resilient operation of the Council, risks over the next six months that might arise include weather events such as storms, flooding and snow; pay negotiations are not yet settled for 2022/23; the impact of inflation may be greater than forecast; the crystallisation of contingent liabilities.

7. 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.

Income from Non-Domestic Rates (NDR) is 42% of full year budget. There continues to be challenges in collection as businesses continue to be impacted by fallout from COVID-19. This position may improve as we progress throughout the year. The Scottish Government will top up any shortfall at the end of the financial year, through a net payment received as an adjustment to the Council's General Revenue Grant.

As at quarter 2 income from Council Tax is forecast to be £1m above budget for the full year based on the income levels achieved last year and the expectation of a number of new properties being added to the valuation roll. Income is currently sitting at 78% of budget.

Income from Scottish Government is above budget, which is due to the profiling of Grant and NDR across the year. The Scottish Government front load General Revenue Grant payments, before adjusting for NDR income estimates. Further adjustments will be made following any redeterminations advised by the Scottish Government, and this is paid in March 2023.

The Council receives a substantial income from the commercial tenanted non-residential property (TNRP) portfolio. The income to the TNRP portfolio is invoiced regularly but it is not in even quarters as timing depends on individual leases. The level of collection for 2022/23, and therefore provision for bad debt, in the current market conditions, is under review. This is exacerbated by the energy and supply costs for commercial facilities, including the TECA energy centre and anaerobic digestion plant.

Income from car parking has not returned to pre Covid-19 levels, however it is hoped that this will improve for 2022/23 with all restrictions having been removed. This continues to be monitored on an ongoing basis.

Our Financial Performance: Housing Revenue Account

• Performance in Quarter 1

8. Housing Revenue Account (HRA) is responsible for the provision of council housing to over 20,000 households with the most significant areas of expenditure being on repairs and maintenance and the servicing of debt incurred to fund capital investment in the housing stock. This is a ring-fenced account such that its costs must be met by rental income which at this stage in the year exceeds expenditure incurred. Rental income remains a regular source of funding. The HRA is ahead of budget at Quarter 2 because the capital financing charges have yet to be charged through the account and low spend on Repairs and Maintenance, which is billed in arrears. The loss of income arising from voids continue to be a pressure, depriving the account of income, improvement plans are in place to address the availability of void properties. The rented housing market in Aberdeen remains competitive, offering more choice to prospective tenants. Tenant arrears remain a concern too, with the aged debt analysis showing that tenants are taking longer to pay their debts.

Our Financial Performance: Full Year Forecasts

A comprehensive forecast of revenue and capital budget performance for the General Fund, Housing Revenue Account and the Common Good is provided in Appendix 2 to this report.

Conclusion

This is the second quarterly financial performance report being presented to the committee for consideration of financial year 2022/23.

While the previous year ended positively with the easing of almost all Covid-19 restrictions and the Council recording a small operational surplus, carrying a level of grant funding, directly related to the Covid-19 pandemic, into the new financial year.

The Council agreed in its budget for 2022/23 to use some of that grant funding, £5m, to support Council Services, the service standards and commissioning intentions in place. This was in addition to taking advantage of fiscal flexibilities agreed with Scottish Government to reduce capital financing costs on a one-off basis.

The impact of the pandemic continues to have a lasting effect on the Council, and this means 2022/23 will be uncertain, particularly in relation to income levels.

It is likely that the areas of income such as Council Tax, planning and building fees which were impacted by the pandemic will continue to make a recovery in 2022/23. This appears less certain for car parking and commercial property income.

The Council at the end of Quarter 2 has cash to support it through a large part of the year, with grant funding being front-loaded, however with one-off funding streams being approved as part of the budget for 2022/23 the Council will rely on its own resources in the final quarter.

Emerging risks, not seen on the same scale for decades are rising inflation levels and supply chain volatility, in the second quarter there is evidence of this having a real impact, such as utility cost increases, forecasts for the remainder of the year include for no improvement.

Spend levels are high in certain areas of the budget that will be familiar in respect of children and education services, and there has been an increased recruitment and retention of teachers in schools to support higher school rolls, which has led to much lower levels of savings from staff turnover than had been expected.

During the remainder of the year the Council will continue to review and assess the changes that the local financial environment and pandemic has brought about and will re-evaluate the position to ensure that expenditure and income is being monitored and managed as required, taking

appropriate action when required. The next reporting period will be Quarter 3, which will be prepared for Finance & Resources Committee on 1 February 2023.

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	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000		£'000	£'000	£'000
Balance at 31 March 2022 brought forward	(72,152)	(15,215)	(20,047)	(812)	(108,227)	(1,299,578)	(1,407,805)
Movement in Reserves during 2022/23							
Total Comprehensive Income & Expenditure	(164,681)	(14,747)	0	0	(179,428)	0	(179,428)
Adjustments between accounting basis & funding basis under regulations	34,947	8,811	0	0	43,757	(43,757)	0
Net (Increase)/Decrease before Transfers to Reserves	(129,734)	(5,937)	0	0	(135,671)	(43,757)	(179,428)
Transfers to/from Usable Reserves	300	(0)	(300)	0	0	(0)	0
(Increase)/Decrease in Year	(129,434)	(5,937)	(300)	0	(135,671)	(43,757)	(179,428)
Balance at 30 September 2022	(201,585)	(21,152)	(20,348)	(812)	(243,897)	(1,343,336)	(1,587,233)

Expenditure and Funding Analysis

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

Services	Quarter 2 2022/23			Notes
	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES £'000	
	£'000	£'000	£'000	
Operations	143,220	(12,844)	130,376	1
Customer	19,616	0	19,616	2
Commissioning	12,941	0	12,941	3
Resources	(1,275)	0	(1,275)	4
Integration Joint Board	44,192	0	44,192	5
Corporate	(21,815)	(3,465)	(25,280)	6
Net Cost of General Fund Services	196,880	(16,309)	180,571	
Housing Revenue Account	(5,937)	(7,718)	(13,655)	7
Net Cost of Services	190,943	(24,027)	166,916	
Other Income and Expenditure	(326,614)	(19,730)	(346,344)	8
(Surplus) or Deficit on Provision of Services	(135,671)	(43,757)	(179,428)	
Opening General Fund and HRA Balance at 31 March 2022	(87,367)			
(Surplus) or Deficit on General Fund and HRA Balance in Year	(135,671)			
To/From Other Statutory Reserves	300			
Closing General Fund and HRA Balance at 30 September 2022	(222,737)			

Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £12.844m accounting adjustment relates to the removal of Annual Service Payments for the 3R's schools and Lochside Academy which for accounting purposes are required to be split into its component parts, payment for services; repayment of capital; and financing costs.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £3.465m accounting adjustment relates to CFCR.

7. See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £7.718m accounting adjustment relates to CFCR.
8. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The £19.730m adjustment comprises the following three elements, which realign costs from other parts of the budget:
 - £8.317m is the element of the 3R's and Lochside Annual Service Payments which is reallocated as per note 1 above to bring together financing costs which flow into the Financing and Investment Income and Expenditure line in the CIES below.
 - (£0.497) m that is the allocation of the Marischal Square finance lease payment.
 - (£27.550) m that is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below

Comprehensive Income and Expenditure Statement

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

Services	Quarter 2, 2022/23			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Operations	164,198	(33,822)	130,376	
Customer	46,340	(26,724)	19,616	
Commissioning	19,961	(7,020)	12,941	
Resources	31,191	(32,467)	(1,275)	
Integration Joint Board	77,407	(33,215)	44,192	
Corporate	(24,847)	(433)	(25,280)	
Cost of General Fund Services	314,251	(133,681)	180,571	
Housing Revenue Account	38,176	(51,830)	(13,655)	
Cost of Services	352,427	(185,511)	166,916	
Other Operating Expenditure	0	0	0	1
Financing and Investment Income and Expenditure	70,695	(32,866)	37,829	2
Taxation and Non Specific Grant Income	0	(384,173)	(384,173)	3
(Surplus) or Deficit on Provision of Services	423,122	(602,550)	(179,428)	
(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			0	4
Other Comprehensive Income and Expenditure			0	
Total Comprehensive Income and Expenditure			(179,428)	

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. Income in relation to Council Tax, Non-Domestic Rates collection and Scottish Government General Revenue and Capital Grant.
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.

The values as at 31 March 2022 are based on the Council's audited Annual Accounts 2021/22.

31 March 2022 £'000		30 September 2022 £'000	Note
2,532,912	Property, Plant & Equipment	2,659,660	1
196,272	Heritage Assets	196,272	1
150,617	Investment Property	150,617	1
15,503	Long Term Investments	15,503	2
657	Long Term Debtors	657	3
2,895,962	Long Term Assets	3,022,709	
102,593	Cash and Cash Equivalents	74,324	4
20,025	Short Term Investments	43,064	5
113,029	Short Term Debtors	160,631	6
2,906	Inventories	17,828	7
11,993	Assets Held for Sale	11,993	8
250,547	Current Assets	307,841	
(223,359)	Short Term Borrowing	(214,699)	9
(122,608)	Short Term Creditors	(146,852)	10
(3,533)	Short Term Provisions	(3,533)	11
(4,527)	PPP Short Term Liabilities	(5,332)	12
(7,224)	Accumulated Absences Account	(7,224)	13
(1,438)	Grants Receipts in Advance - Revenue	(77)	14
(31,257)	Grants Receipts in Advance - Capital	(26,152)	14
(393,947)	Current Liabilities	(403,869)	
(1,043,105)	Long Term Borrowing	(1,043,665)	15
(56,643)	Finance Lease	(56,107)	16
0	Long Term Creditors	0	17
(551)	Long Term Provisions	(551)	11
(126,038)	PPP Long Term Liabilities	(120,706)	12
(118,419)	Pension Liabilities	(118,419)	18
(1,344,756)	Long Term Liabilities	(1,339,448)	
1,407,805	Net Assets	1,587,233	
	Usable Reserves:		
(72,152)	General Fund Balance	(201,585)	19
(15,215)	Housing Revenue Account	(21,152)	19
(20,047)	Statutory and Other Reserves	(20,348)	19
(812)	Capital Grants and Receipts Unapplied	(812)	
(1,299,578)	Unusable Reserves	(1,343,336)	20
(1,407,805)	Total Reserves	(1,587,233)	

Balance Sheet Notes

1. Depreciation is calculated annually and therefore no depreciation has been applied in Quarter 2. Capital expenditure to the end of Quarter 2 totalling £118.742m has been applied to Property, Plant & Equipment (this includes £70.312m of general fund expenditure and £48.430m of HRA expenditure). Disposals, revaluations, and transfers have not been accounted for in Quarter 2.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Village.
3. Long term debtors reflects the movement based on transactions for the period.
4. Cash and cash equivalents include short term investments of £45.136m (because they can be called up at short notice i.e. 0 to 35 days) and developer's contributions of £25.820m. 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 account balances.
8. Assets held for sale reflect the position at March 2022. This will be reviewed in Q4
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 and long-term liabilities has been adjusted to reflect the projected position at March 2023.
13. The accumulated absences account is reviewed annually and will therefore be updated in Quarter 4.
14. The grants received in advance totals reflect the position at the end of Quarter 2.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Finance Lease reflects the closing position as at March 2023.
17. Long term creditors reflect the current position based on transactions for the period.
18. Pension liabilities are only reviewed annually and will therefore be updated in Quarter 4.
19. Usable Reserves reflects the current position based on transactions for the period. Usable Reserves includes uncommitted reserves and earmarked reserves, and due to the positive cashflow have increased to a level that is higher than forecast for the end of

the year, the cashflow being used to fund expenditure that will be incurred in the second half of the year.

20. Unusable reserves have been adjusted for statutory accounting adjustments as detailed above.

Cash Flow

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

	Quarter 2 2022/23
	£'000
Net Surplus or (Deficit) on the provision of services	179,428
Adjust net surplus or deficit on the provision of services for non cash movements	(99,367)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(27,550)
Net cash flows from Operating Activities	52,511
Net cash flows from Investing Activities	(68,152)
Net cash flows from Financing Activities	(12,628)
Net increase or decrease in cash and cash equivalents	(28,269)
Cash and cash equivalents at the beginning of the reporting period	102,593
Cash and cash equivalents at the end of the reporting period	74,324
Cash held by the Authority	39
Bank current accounts	74,285
	74,324

Contingent Liabilities

In addition to amounts recognised on the Balance Sheet, the Council is aware of the following contingent liabilities at 30 September 2022:

Guarantees

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, as approved at City Growth & Resources Committee on 21 September 2022. This guarantee will remain in force until 31 March 2024.

Sport Aberdeen

The Council agreed to provide a bank guarantee to Sport Aberdeen up to a maximum of £5 million as approved at the 7 June 2016 Finance, Policy and Resources Committee. There is currently a Revolving Credit Facility for £1.4 million in place.

Aberdeen Heat & Power

The Council has agreed to provide a bank guarantee to Aberdeen Heat and Power up to a maximum of £1 million as approved at City Growth and Resources Committee on 21 September 2022. This guarantee will be in place from 1 November 2022 to 31 March 2024.

The Council has agreed to provide a guarantee for the purchase gas as approved at City Growth and Resources Committee on 21 September 2022. This guarantee will be in place from 1 November 2022 until 31 March 2023.

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.

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.

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 (through a Recovery Plan),

ultimately the parties to the arrangement may be potentially liable should the IJB overspend.

Contractual

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 fire at Altens East Recycling and Resource Facility on 8 July 2022 has resulted in business continuity plans being implemented and changes made to the processing of some waste streams. There have therefore been a wide range of the implications arising from the events. The financial impact of known implications has been assessed and incorporated into the full year forecast for 2022/23. There will remain contractual matters to be addressed that will take time and the Council continues to work closely with the Contractor and representatives to determine the full extent of those.

The Council is lead partner in a three-authority project 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 commenced on 8 August 2019 with the facility expected to come online in 2022/23 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.

Section 75 agreements

Section 75 agreements (developer obligations) are frequently sought by the Council in relation to the award of planning permission. The possibility of liabilities arises in cases where the developer is not adhering to the agreed payment schedule and the Council elects to proceed with a project where that developer obligation funding is due. In these cases, unless a resolution can be found with the developer, the Council may be exposed to additional costs due to higher levels of borrowing than originally anticipated in order to “cashflow” a legally committed project. Costs could apply to the short, medium or long-term depending on the circumstances.

The Council’s Risk Board agreed that the Developer Obligations working group would escalate to Corporate Management Team any developers who fall behind on payments, and where necessary this will be reported to City Growth & Resources Committee. This is a risk which may crystalize in the current housing market conditions due to high supply costs and reduced supply of labour.

The inherent risk with all developer obligation funded projects is whether the build rate of the development is triggering financial contributions at the rate required to fund the Council projects involved. Where the Council project advances more quickly than the development, the Council may have to step in to “cashflow” the necessary funding requirement. Where a project has not been legally committed, a failure to receive the supporting developer obligation funding may require a discussion to determine whether the project should be paused, or even stopped completely. More detailed monitoring is therefore required by the Planning service to forecast expected build rates on developments and map out the timelines of expected trigger points for release of funding.

Impact of Covid on Working Practices, Social Distancing and the Capital Programmes

The emergence of Covid resulted in new working practice guidelines being issued by the Scottish Government, to set new standards to allow consultants, contractors, sub-contractors and their suppliers to work safely during the pandemic. These unforeseen changes resulted in the construction industry incurring additional costs for compliance with the risk of delays to projects. These measures also restricted numbers of staff on site which slowed down progress on works. These impacts have manifested in projects which were on site at the time of the initial lockdown, and discussions between the Council and the relevant contractors are on-going to determine liability for additional costs.

The Council are also aware that the construction industry is experiencing shortage of products, raw materials, staffing and logistical support which is impacting on current and future costs across the UK. Ordering lead times are extending across the sector with the risk of increased delay impacts to projects. There is evidence of a contraction in the construction industry particularly in terms of small to medium sized suppliers. The war in Ukraine and resulting economic sanctions placed on Russia and Belarus has further exacerbated supply chain issues for some commodities e.g. bituminous materials, steel etc. which were sourced from eastern Europe.

Taken altogether, this has manifested as the highest level of cost inflation experienced for around 30 years. This is creating new risks around capital projects. A review of project timeline delivery and financial viability was reported to the City Growth and Resources committee and full Council in August and will continue to be updated through updates to this committee.

Scottish Child Abuse Enquiry

The Scottish Parliament introduced a redress Bill on 13 August 2020 for survivors of abuse in care in Scotland. Survivors, as an alternative to civil litigation, may choose to apply for redress. Local Authorities, as a Local Government sector, pay financial contributions towards the redress scheme and this has now been agreed as part of the Local Government Settlement and will be applied for the next 10 years.

Some Civil Litigation claims are still being received by the Council, both as lead authority for the former Grampian Regional Council and Aberdeen District Council as well as claims solely against Aberdeen City Council.

Any uninsured claims or associated costs against Grampian Regional Council will require to be met in part by Aberdeenshire and Moray Councils. Any uninsured claims or associated costs in respect of Aberdeen District Council or Aberdeen City Council will require to be met by Aberdeen City Council. The costs of these are unquantifiable at this time but will give rise to a future financial liability.

Structural Safety (RAAC)

As a result of the Standing Committee on Structural Safety (SCPSS) releasing an alert in connection with Reinforced Autoclaved Aerated Concrete (RAAC) Planks, which were commonly used in public buildings in the 1960's, 1970's and 1980's, the Council has put in place a programme of inspections to give some assurance over whether these materials are present within any of their properties. At this time, it is not known the extent of the issue (if any) or any remedial costs. This may create a future financial liability.

COVID-19 Impact

Almost all restrictions that were in place for the Covid-19 pandemic have now been lifted, the virus continues to circulate, with new variants emerging, The Council prepared it's 2022/23 budget to include known Covid-19 related implications, however, there remains the possibility that further costs may arise that were not previously identified.

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**PROJECTED FINANCIAL POSITION
FOR THE YEAR 2022/23**

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MANAGEMENT COMMENTARY

This is the second reporting point in the year for the Council's finances, following approval of the budgets in March 2022. The full year budgets reflected in the table below differ from those set by Council in March 2022 for a number of reasons. This is normal practice during the year as virements are identified and budget responsibilities change. In common with previous years there are pressures on the organisation that emerge during the year and this year the Council continues to be impacted by changes, response and recovery arising from the Covid-19 pandemic. As reported to the Committee in June 2022, supply chain volatility [RES/22/131] is significant at present and expected to continue and inflation is at a level not seen for decades and these are further factors that are having a major impact on our financial position.

Further financial turmoil was experienced in Quarter 2 as government borrowing costs rose steeply following the mini-budget delivered by the Chancellor on 23 September 2022. The financial support and tax-cutting initiatives announced have been substantially reversed and the rates in recent days have continued to reduce, however it is clear that future borrowing is costing the Council more and this, combined with the challenges inflation and supply chain issues will make future capital investment more expensive.

The financial position is kept under regular review in relation to progress and forecasting and the conclusions included in Appendix 1 describe the overarching controls that the Council has in place to manage the financial position. There is an underlying commitment from Senior Management to pursue options to mitigate cost pressures and to work with the Chief Officer – Finance to ensure the overall agreed budget is adhered to.

Appendix 1 provides the Income and Expenditure Statement and Balance Sheet of the Council as at 30 September 2022. The forecast for the year is built on the information that was available at this time.

The General Fund is forecast to exceed budget by £4.4m and it is recommended that, as stated above, managers take action to reduce, stop or delay expenditure that they can in the remainder of the financial year, and if a balanced budget cannot be achieved then the Council will rely on earmarked reserves to fund the deficit, Housing Revenue Account and Common Good are all forecast to deliver in line with budgets set for 2022/23.

General Fund

With reference to the table below, key areas of the budget that the Council is managing are as follows:

The rising cost in gas and electric will affect all Council services to some degree. This is forecast to be £5.3m more than had been budgeted, before being offset in part by the centrally held inflation contingency. (Operations £3.265m, Customer £0.451m, Commissioning £0.161m and Resources £1.430m). These forecasts are included in the table below.

It should also be noted that Council Services are feeling the impact of the increase in inflation on the costs of goods and services that they are purchasing.

As highlighted last quarter, the Council's Waste and Recycling Facility at Altens East, operated by Suez, suffered a severe fire on 8 July 2022. The forecasts contained in this report have been updated to take account of the known implications, which relate to contractual relationships between the Council and Suez, and there remains contractual matters that have been reflected as Contingent Liability in Appendix 1. The fire has implications for the Council balance sheet in respect of the impairment of asset value, and I am assured that insurance is in place to address the damage that has been done and reinstatement of the facilities. Insurance excess means

cover is provided above £250,000, the excess will be funded by the Insurance Fund in the first instance.

Based on the forecasts for the year key highlights are as follow.

1. The main areas of pressure within Operations are:

- Higher than budgeted spend on Out of Authority Placements. This is partly offset by lower spend on the Fostering service. Spend on Out of Authority Placements is lower compared to that in 2020/21 & 2021/22 which indicates the service is returning to normal following the Covid-19 restrictions.
- Car Parking income was severely affected by the pandemic, and whilst it is now recovering it is unlikely the budgeted income will be achieved.
- Roads are forecasting an overspend in street lighting as a result of the increase in energy costs.

For Education the service is managing a substantial increase in children who have arrived in the city. This has been unexpected and is driven by two factors, the post-Covid increase of students from other countries to the two Universities, who are bringing their families with them. It is expected to continue through the forthcoming and future admission cycles. Secondly the number of children (and families) in the city seeking refuge from Ukraine. Work is currently ongoing in reviewing the impact of the September census on class sizes.

- Also, within Education there are increased costs of the 3R's unitary charge due to the inflationary uplift that will apply, and long-term absence spend will be over budget for 2022/23, this is being closely monitored.
- In Education there are a relatively small number of teaching vacancies that are mainly in secondary schools in subjects which continue to be hard to recruit to, or in demand, for example: Design Technology, Maths, English and some Sciences.
- There is a risk that Early Years will not achieve the budgeted income from Cross Boundary Charging as the difference in the number of children between local authority areas is not as significant as anticipated.

2. The main areas of pressure within Customer are:

- There is a risk that the level of rental income from Homeless Flats may be lower than budget due to the levels of in year activity to the end of the quarter, this is largely offset by increased income levels for hostels.
- Digital & Technology are experiencing a cost pressure whilst transitioning to new contracts and increasing digital services. There is a risk that automation budget savings may not be fully achieved this year as they are not fully aligned to the services to which they relate.

3. The main areas of pressure within Commissioning are:

- Governance is expecting an under recovery of licencing income.
- Commercial services will be monitored, now that Covid restrictions have been removed it is anticipated a return to pre-pandemic levels of business could be achieved.
- Procurement budget savings will not be allocated across services as the savings will not be achieved due to the market position for most goods and services.

4. The main area of pressure within Resources is:

- Commercial property trading account income has been revised to reflect current conditions, this will continue to be monitored closely and the Council may be affected by bad debt provisions at the year end. This includes the additional costs of energy for

corporate facilities and, also the Energy Centre and AD Plant at The Events Complex Aberdeen, and related contracts.

5. The main areas of pressure within Integrated Joint Board (IJB)/Adult Social Care are:
- The recovery of the services from the impact of Covid-19 in areas such as supplier sustainability.
 - There is a risk that there will be higher than anticipated spend on direct payments to clients in areas such as homecare as the IJB's care providers are operating at maximum capacity.

The IJB is still incurring additional costs due to the impact of Covid-19. For 2022/23 the Scottish Government will only cover specific categories of covid costs relating to supplier sustainability payments, extra staff costs and Personal Protective Equipment (PPE). Other categories of covid costs such as extra care home placements and lost income will not be covered by the Scottish Government as it was in previous years.

The Council is forecasting that additional costs will be covered by additional Scottish Government grant for eligible costs, savings achieved elsewhere, or by using Reserves held at the start of the financial year. Therefore, no additional pressure is expected on the General Fund from the IJB.

6. The Joint Boards budget and forecast outturn is based on the amount requisitioned by Grampian Valuation Joint Board. This is currently forecast to be on budget.
7. Miscellaneous Services includes capital financing costs, the cost of repaying the borrowing received in the past for General Fund Capital Programme investment. Capital Financing Costs is the most significant budget within Miscellaneous Services, and includes the impact of accounting for loans fund repayments on a prudent basis, approved by the Audit Risk and Scrutiny Committee in April 2019.

To respond to the financial pressures faced by local authorities as a result of the pandemic, the Scottish Government provided a package of financial flexibilities that could be used by local authorities to address funding pressures. One of these was the option to defer the repayment of debt for one year. The Council has opted to utilise this option for 2022/23. This will provide a saving of £9.1m. The repayment of this debt must then be made within 20 years from the end of the 2022/23 financial year.

As highlighted above, and in Appendix 1, the financial turmoil recently has only exacerbated the rising cost of borrowing, which had begun to push upwards this year, the cost of capital investment will rise from previous forecasts due to the current economic environment, with borrowing rates up at 2011 levels, very high inflation – above Government and Bank of England targets – and supply chain volatility.

The bad debt provision has been updated to take account of latest data, which shows a significant value of general invoices that remain unpaid. This budget sits within Miscellaneous Services and is under regular review. The council reinstated income recovery processes in 2021 following deferral of action due to the pandemic.

8. Across the whole of the Council the planned reduction in the number of posts that are affordable is being managed through voluntary and natural processes, i.e. no compulsory redundancy. This means that there is expected to be continued reduction in the total workforce during the year. The corporate saving for a reduced workforce is captured in the "Corporate Budgets". The full value of the staff savings is forecast to be above budget at

this time due specifically to the lack of vacancies in teaching posts, despite a regular turnover of posts.

Local Government pay negotiations are ongoing at this time, and while the Council has made provision within its budget for an average award of 2% across the workforce, without additional, recurring, Scottish Government financial support there is now a certainty that the pay award will add cost to the bottom line. A value of £4.5m has been allocated from contingencies to support this. (Note, this is in addition to additional funding from Scottish Government through both revenue and capital grants).

Contingencies also holds the in-year revenue contingency for the General Fund and the forecast includes the use of that contingency later in the year, however this year the commitment to the pay award and the forecast now of an overall deficit on the budget mean that there is no scope for additional expenditure to be absorbed, as any residual deficit will have to be met from earmarked reserves. That does not stop future unplanned events taking place or from implications arising from the risk registers and, where identified, contingent liabilities becoming more certain (see Appendix 1). It means at this stage that the Council relies on the strength of its balance sheet to address future unknown costs.

9. Council Expenses include the budgets for all councillors' costs, including salaries and expenses. These are forecast to be on budget.
10. 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. The forecast amount receivable by the Council is in line with Government distribution information.
11. The General Revenue Grant is set by the Scottish Government as part of its funding support package for Local Government. This has changed since quarter 1 as the government has announced a funding redetermination for whole family wellbeing funding. Actual income for redeterminations will be received by the Council in March 2023.
12. Council Tax income is forecast to be above budget for 2022/23 based on collection levels that were better than expected in 2021/22, along with the 3% increase agreed by the Council in setting the 2022/23 budget.
13. Use of Reserves. The Council approved in its 2022/23 budget that a sum of £5.519m will be used from earmarked General Fund reserves to fund the budget. The Council expects to draw down this amount in full.

Housing Revenue Account

14. The overall HRA budget is balanced however there are several areas of pressure. These are the increases being experienced in repairs and maintenance from the cost of materials, utilities, and housing voids. The higher costs in these areas will be offset by a reduced contribution to Capital from Current Revenue (CFCR), and with that the cost of capital financing may also increase given the many factors impacting capital investment at this time.

Earmarked Reserves

As at 1 April 2022 the Council held £62.9m of earmarked reserves across the General Fund and HRA and expenditure is estimated to be incurred over a period of years.

Expenditure in relation to the delivery of other specific projects, funded by the earmarked reserves is not included in the figures in the tables above, the expenditure being set against the finite reserves held at the start of the year. As an example, the Council expects to continue to

incur expenditure from the Transformation Fund in 2022/23 progressing the digital programme of transformation.

The other significant earmarked reserves to draw attention to at this time is the Second & Long-term Empty Properties reserve (£13.110m), which is set aside for affordable housing. Expenditure in 2022/23 will depend on the progress with a number of developments including Summerhill, and the amount of Scottish Government funding and Section 75 income (developers' contributions) to be used as this funding is time limited, these funds support the delivery of additional social housing by the Council.

As referenced earlier in the report, the earmarked Covid-19 Grants (£19.016m) are for areas such as Education recovery, income shortfall and General support to Council services. It is anticipated at this stage much of this funding will be fully utilised to employ additional teachers, support staff within Education, support income shortfalls in such areas such car parking and commercial properties, essentially using the general sums available to balance the budget should a deficit remain at the end of the financial year– and this is subject to action being taken to reduce, stop and delay expenditure in the second half of the year.

Balancing the Budget through Controls and Monitoring Structures

Specific actions that will continue, to manage spending and work towards reducing the operating deficit include:

- Further instruction to all budget holders to reduce, stop or delay expenditure wherever possible to reduce the outturn position.
- Ongoing review and analysis of the Covid-19 impact on council budgets, income in particular costs associated with protecting customers and staff.
- Detailed and effective management of turnover of staff and vacancies and an underlying assumption that the overall cost of staff will continue to reduce during the remainder of the year. The Chief Officers for People & Organisation and Finance following consultation with the Convener of City Growth and Resources Committee, are currently part of the vacancy advertising process.
- Ongoing review and scrutiny of the out of authority placements for children by the Chief Officer – Integrated Children's Services.
- Specific work in relation to the Service Income policy to ensure full cost recovery is achieved from a range of services that the Council delivers, such as support services, housing services, accommodation and building services.
- Monitoring and management of council long-term debt in light of the agreed policy and capital spend forecasts for 2022/23.
- The voluntary severance / early retirement scheme is how the Council has incentivised workforce reductions. This is an expensive scheme, funding must be found and accounted for up front from revenue resources. For the last few years, it has been permitted, by Scottish Government Ministers, for Local Government to use Capital Receipts to fund this revenue cost. This scheme has been extended until 31 March 2023. The Council has seen limited capital receipts since the March 2020, with a retained balance of £0.8m on the balance sheet at 31 March 2022. To maintain robust financial controls, and with such tight financial constraints on the funding of the scheme, consideration should be given to the parameters of the current scheme.

To ensure tight controls are in place over expenditure, management have created the following control boards, through which requests to spend must be cleared:

The Demand Management Control Board captures the commissioning and procurement intentions for revenue expenditure as they arise and provides an environment for demand-based

challenge – this is co-chaired by the Chief Officers for Early Intervention & Community Empowerment and Data & Insight.

Similarly, the Capital Board oversees the progress and emerging aspects of capital planning and delivery, but also connects to the asset elements of the revenue budget and capital financing requirements – this is chaired by the Chief Officer for Capital.

The Performance Board has oversight of the financial performance reporting, this is co-chaired by the Directors of Resources and Chief Officer – Data & Insight and brings together the emerging and escalated issues from overall Council performance and agrees actions.

Balancing the Budget through the monitoring and control of risks.

Risks are reviewed on a regular basis at a strategic level by the Risk Board on a monthly basis and at an operational level by Chief officers and their teams daily.

The main risks to the Council remains the recovery of income and reduction in resources directed towards recovery from the impacts of Covid-19, the high inflation level and extremely high increases experienced in the cost of energy supplies as these will continue to have a substantial impact on Council services.

It is predicted that the increased cost of supplies and services in the trades maybe a significant risk in areas such as Building Services and Roads.

Contingent Liabilities are noted to try and capture potential liabilities which could result in costs being incurred in the future. As part of the budget process, contingent liabilities are reviewed and described within the budget pack presented to Council. The Corporate Management Team continues to monitor the status of these. A review of the contingent liabilities, listed in Appendix 1, has not established any significant shift in certainty or in the Council's ability to quantify the financial exposure. On that basis there is no adjustment included in the forecasts for the year, they will continue to be reviewed quarterly and any change reported as appropriate.

Conclusion

Based on the information available, and set out in this report, the forecast for the overall position of the General Fund is an operational deficit of £4.4m, with an instruction to budget holders to minimise where possible and protection to fund any remaining deficit provided by the Council's balance sheet in earmarked reserves. The Housing Revenue Account is in a balanced position, and this is captured in the tables set out below.

General Fund Financial Reporting Summary 2022/2023 - Quarter 2

As at 30 September 2022	Budget 2022/2023	Outturn 2022/2023 Quarter 2	Variance from Budget		Notes
	£'000	£'000	£'000	%	
Operations	278,314	285,042	6,728	2.4	1
Customer	42,259	43,391	1,133	2.7	2
Commissioning	23,010	24,568	1,558	6.8	3
Resources	(2,763)	5,238	8,000	(289.6)	4
Integrated Joint Board	116,639	116,639	0	0.0	5
Total Functions Budget	457,459	474,877	17,419	3.8	
Joint Boards	1,858	1,858	0	0.0	6
Miscellaneous Services	63,280	53,521	(9,760)	(15.4)	7
Contingencies	4,057	1,855	(2,202)	(54.3)	8
Council Expenses	1,518	1,522	4	0.3	9
Total Corporate Budgets	70,713	58,756	(11,957)	(16.9)	
Non Domestic Rates	(268,557)	(268,557)	0	0.0	10
General Revenue Grant	(124,858)	(124,858)	0	0.0	11
Government Support	(393,416)	(393,416)	0	0.0	
Council Tax	(129,237)	(130,288)	(1,051)	0.8	12
Local Taxation	(129,237)	(130,288)	(1,051)	0.8	
Contribution from Reserves	(5,519)	(5,519)	0	0.0	13
Contribution from Reserves	(5,519)	(5,519)	0	0.0	
Deficit/(Surplus)	(0)	4,411	4,411	0.0	

Housing Revenue Account Summary 2022/2023 - Quarter 2

Deficit/(Surplus)	(500)	(500)	0	(0)	14
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General Fund Capital Programme

The reprofiling of capital project budgets approved at Council on 24 August 2022 has now been incorporated into the Capital Programme.

The Capital Programme also now includes £0.135 million funding from the Scottish Government towards extending the Nature Restoration Fund into 2022/23.

The General Capital Grant has also been increased by £4.35 million as part of the funding mechanism for the Local Government Pay Award in 2022/23, the conversion of this to revenue funding to enable this to happen is being carried out in conjunction with flexibilities permitted by Scottish Government ministers, therefore the treatment of this sum may change once the flexibilities are finalised.

Officers are awaiting the outcome of several funding bids, including a second Levelling Up Fund bid in relation to the Beach Masterplan

As at Period 6 2022/23	2022/23			
	Revised Budget for Year	Actual Expenditure for Year	Forecast Outturn	Outturn Variance from Revised Budget
	£'000	£'000	£'000	£'000
AECC Programme Board	4,108	1,097	4,108	0
Asset Management Programme Board	63,486	24,255	55,723	(7,763)
Asset Management Programme Board Rolling Programmes	33,020	8,785	26,079	(6,941)
City Centre Programme Board	40,353	12,727	22,813	(17,540)
Energy Programme Board	57,126	17,685	33,587	(23,539)
Housing and Communities Programme Board	1,244	3	1,020	(224)
Housing and Communities Programme Board Rolling Programmes	998	332	600	(398)
Transportation Programme Board	23,704	2,500	23,610	(94)
Transportation Programme Board Rolling Programmes	1,874	684	1,874	0
Strategic Asset & Capital Plan Board	12,067	587	8,630	(3,437)
Strategic Asset & Capital Plan Board Rolling Programmes	1,881	1,517	1,881	0
Developer Obligation Projects & Asset Disposals	0	137	86	86
Total Expenditure	239,860	70,307	180,011	(59,849)
Capital Funding:				
Income for Specific Projects	(64,115)	(13,951)	(52,776)	11,339
Developer Contributions	0	(87)	(86)	(86)
Capital Grant	(23,123)	(9,454)	(23,123)	0
Other Income e.g. Borrowing	(152,622)	(46,815)	(104,026)	48,596
Total Income	(239,860)	(70,307)	(180,011)	59,849

Profiling of project budgets and forecasting of outturns remains challenging given the wide range of factors still affecting construction supply chains. As such the forecast outturns quoted above represent a point in time and there is a strong probability that they will be subject to change as the financial year progresses and additional information becomes available.

Further details of these factors were included in the report Supply Chain Volatility – RES/22/131 presented to the City Growth and Resources committee on 21 June 2022.

Expenditure for Quarter 2 2022/23 includes continued progress on the New Schools programme, particularly Countesswells Primary and Torry Primary and Community Hub. Works on extending the Torry Heat Network are also advancing, along with design development for the City Centre and Beach Masterplans. The good weather throughout the summer months has also assisted progress on the rolling programmes for investment in Roads and Council buildings.

The construction contract for the new North East Scotland and Northern Isles Integrated Mortuary was finalised during Q2 2022/23 with contract signature expected early in Q3 2022/23.

Housing Capital Programme

The pause of the four Housing Capital Council led new build projects as agreed at City Growth & Resources on 3 August 2022 has now been included within the updated Housing Programme out-turn. This may be subject to change depending on future decisions taken following retendering

Spend is low in the rolling programme in areas such as kitchen, bathroom, structural repairs, lift and window replacements. This is a result of earlier supply chain issues. Higher spend is occurring in Heating Replacement programmes due to the level of breakdowns experienced. Out-turns have been updated to reflect spend to date and future contractual spend in the most significant budget areas.

Housing Capital Programmes	Approved Budget	Expenditure to date	Forecast Expenditure
As at 30 September 2022	£'000	£'000	£'000
Compliant with the tolerable standard	1,590	23	1,000
Free from Serious Disrepair	12,859	1,391	8,657
Energy Efficient	9,655	4,086	11,156
Modern Facilities & Services	5,277	937	2,000
Healthy, Safe and Secure	8,796	1,918	8,796
<i>Non Scottish Housing Quality Standards</i>			
Community Plan and Local Outcome Improvement Plan	6,225	2,052	6,225
Service Expenditure	4,783	121	4,783
2000 New Homes Programme	138,698	37,797	90,835
less 11% slippage	(5,410)		
Net Programme	182,473	48,325	133,452

Capital Funding			
Borrowing	(131,425)	(32,801)	(88,259)
Other Income - Grants Affordable Homes etc	(35,074)	(7,807)	(35,074)
Capital Funded from Current Revenue	(15,974)	(7,717)	(10,119)
Total	(182,473)	(48,325)	(133,452)

Common Good

As at September 2022	Full Year Budget 2022/23	Forecast Actual Expenditure	Variance from Budget
	£'000	£'000	£'000
Recurring Expenditure	3,336	3,315	(21)
Recurring Income	(4,431)	(4,431)	0
Budget after Recurring Items	(1,095)	(1,116)	(21)
Non Recurring Expenditure	776	776	0
Non Recurring Income	0	0	0
Net (Income)/Expenditure	(319)	(340)	(21)
Cash balances as at 1 April 2022	(38,633)	(38,633)	
Net Expenditure from Income & Expenditure	(319)	(340)	(21)
Investment Revaluation (Increase)/Decrease	0	3,738	3,738
Net Capital Receipt	0	0	0
Cash Balances as at 31 March 2023	(38,952)	(35,235)	3,717

Notes

- The Common Good is forecast to be on slightly above budget as at 30 September 2022.
- The investment of cash balances in a multi-asset income fund, approved by Council on 10 March 2021 has now been implemented. The value of the investment may fall as well as increase, this will be reported quarterly. As at 30 September 2022 the value of the investments was £24.043m, a reduction on the quarter of £3.738m. Cash balances will be affected by this change as will the overall Net Value of the Common Good.
- The investment with Fidelity remains a long-term investment and should be measured over a 3 to 5 year period.
- Income levels expect to be maintained and the budgeted income achieved
- Recurring expenditure is generally forecast to be on budget, with events expecting to proceed this year, uninterrupted by Covid-19 restrictions, and grants payable throughout the year to the wide range of approved organisations.
- The budgets to support Civic activities reflect the adjustments approved at City Growth & Resources Committee on 21 September 2022, with funding being directed to support winter clothing for children that are eligible for school clothing grants.

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**COMMON GOOD
FINANCIAL STATEMENT
FOR THE PERIOD ENDING
30 SEPTEMBER 2022**

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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 cash balances usually being held on deposit with other local authorities, building societies and the Council's Loans Fund.

Following the decision of Council to seek alternative investment opportunities for the cash balances, an investment of up to £30m has been placed in a Multi-Asset Income Fund with Fidelity. Returns on this investment are now reported on a quarterly basis in Appendix 2.

Movement in Reserves Statement

	Common Good Fund £'000	Reserves Fund £'000	Total Common Good £'000
Balance at 31 March 2022	(127,705)	(68)	(127,773)
Movement in Reserves during 2022/23			0
(Surplus) or Deficit on provision of services	(520)	0	(520)
(Surplus) or Deficit on revaluation of investment property	3,738	0	3,738
Total Comprehensive Expenditure and Income	3,219	0	3,219
Balance at 30 September 2022	(124,486)	(68)	(124,554)

Comprehensive Income and Expenditure Statement

	<u>Quarter 2, 2022/23</u>			Notes
	Gross	Gross	Net (Income)	
	Expenditure £'000	Income £'000	Expenditure £'000	
Grants & Contributions to External Organisations	268		268	
External Organisations Rents	56		56	
Promoting Aberdeen	125		125	
Grants/Services Provided by Aberdeen City Council	31		31	
Civic Service Funding	386		386	
Duthie Park HLF	0		0	
Specific Projects	277	(2)	275	
Earmarked Reserves	31		31	
Cost Of Services	1,173	(2)	1,171	1
Other Operating Expenditure			0	2
Financing and Investment Income and Expenditure			(1,691)	3
(Surplus) or Deficit on Provision of Services			(520)	
(Surplus) or Deficit on revaluation of investment property			3,738	4
Total Comprehensive Income and Expenditure			3,219	

Notes

1. This includes project expenditure to 30 September 2022.
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 investments and land and properties net of associated expenditure.
4. This figure represents the decrease in value of the long term investment. The revaluation of investment property will be undertaken in Quarter 4.

Balance Sheet

31 March 2022 £'000		30 September 2022 £'000	Notes
27,780	Long Term Investments	24,042	1
89,139	Investment Property	89,139	1
116,919	Long Term Assets	113,181	
10,836	Investments in Aberdeen City Council Loans Fund	13,707	2
0	Investment Property Held for Sale	0	3
482	Short Term Debtors	(1,972)	4
11,318	Current Assets	11,735	
(464)	Short Term Creditors	(361)	5
(464)	Current Liabilities	(361)	
127,773	Net Assets	124,555	
(127,705)	Common Good Fund	(124,487)	6
(68)	Reserve Fund	(68)	6
(127,773)	Total Reserves	(124,555)	

Notes

1. This represents the long term investments as at 30 September 2022. 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 30 September 2022.
3. Will be reviewed and updated accordingly in Quarter 4.
4. Based on transactions to 30 September 2022.
5. Based on transactions to 30 September 2022.
6. Reflects the accounting value of the funds, based on transactions to 30 September 2022.

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**GROUP ENTITIES
PROJECTED FINANCIAL
POSITION FOR THE YEAR 2022/23**

Aberdeen City Council holds a financial interest in a number of Subsidiaries, Associates and Joint Ventures. The most significant of these, in terms of size of trading operations and other factors, 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 2022/23	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	10
Bon Accord Care Limited	100	100	26
Bon Accord Support Services Limited	100	100	34
Joint Ventures			
Aberdeen Sports Village Limited	50	50	5
Aberdeen City Integration Joint Board	50	50	273
Associates			
Grampian Valuation Joint Board	39	39	5

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

For the Financial Year 2022/23	Reporting Date	Surplus/(deficit) attributable to the Council at Reporting date	Forecast Surplus/(Deficit)	Comment
		£'000	£'000	
Subsidiaries				
Common Good	30.09.22	520	21	
Trust Funds	31.03.22	(18)	-	Full year forecast not yet internally reported as at Q2
Sport Aberdeen Limited	31.08.22	89	-	Full year forecast not yet internally reported as at Q2
Bon Accord Care Limited and Bon Accord Support Services Ltd	30.09.22	40	0	Break even
Joint Ventures				
Aberdeen Sports Village Limited	31.07.22	(871)	-	Actual values for year ended 31.07.22
Aberdeen City Integration Joint Board	30.09.22	0	0	Break even
Associates				
Grampian Valuation Joint Board	30.09.22	98	-	Full year forecast not yet internally reported as at Q2

The notes below summarise the latest 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 £30m of accumulated cash invested in a multi-asset income fund managed by Fidelity.

The Common Good is currently forecasting an operational surplus of £21k for 2022/23. This is mainly due to projected underspend in recurring expenditure - see Appendix 2. The financial statements for the quarter are 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, and the upkeep of public works. The money earned from the investments of the Trusts is used to provide grants and awards to trust beneficiaries, prizes and dux medals for school children and requisites for clients in Social Work homes.

At the end of March 2022, the Trusts reported a net deficit of £18k.

The Trusts are not expected to have a material impact on the Council's financial position for 2022/23.

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 31st August 2022 show net income for the year of £89k.

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 a surplus of £40k as at 30th September 2022. This is mainly due to staff vacancies to date. Higher costs being incurred over the winter period are expected to bring the financial position back to the forecast break-even position for 2022-23.

However, following the recent agreement reached with COSLA on the negotiated pay award, it is likely this forecast position will be revised prior to Quarter 3 to reflect the true impact of the pay award on current budget and service delivery.

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 account for the year ended 31 July 2022 showed that ASV Ltd reported a deficit of £1,742k. The share of the deficit being attributed to the Council is £871k.

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.

As at 30 September 2022, the IJB is forecasting a break-even position for financial year 2022/23.

Further analysis of the IJB variance can be seen in Appendix 1

Associates

Grampian Valuation Joint Board

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

The Board has reported a surplus of £249k as at 30th September 2022 mainly due to underspends in staffing and other supplies and services.

This is a favourable variance of 320k compared to the budgeted deficit of 70K.

The portion of the underspend attributable to ACC is £98k.

Non-Material Interest in Other Entities

On the grounds of materiality, Aberdeen Heat and Power Limited (AH&P Ltd), the North East Transport Partnership (NESTRANS), Grampian Venture Capital Fund Ltd, Strategic Development Planning Authority, Scotland Excel and bp Aberdeen Hydrogen Energy Limited (BAHEL) have to date been excluded from the Group Accounts, and therefore are not disclosed in the quarterly monitoring.

More information on these relationships can be found in the Council's Draft Annual Accounts for 2021/22.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	02 November 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Footdee Bus Services
REPORT NUMBER	COM/22/254
DIRECTOR	Gale Beattie
CHIEF OFFICER	Mark Reilly
REPORT AUTHOR	Chris Cormack
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise members on the outcome of the meeting between First Aberdeen, the Convener and Vice Convener of the Finance and Resources Committee and the local members for the George Street / Harbour Ward regarding local bus services for Footdee.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note the discussion at the meeting between the Council and First Aberdeen and the proposed local bus service provision for Footdee, as outlined in this report.

3. CURRENT SITUATION

- 3.1 On 4th July 2022, First Aberdeen made changes to their bus network, which included the service 15 operating at the Beach being replaced by the service 13. As a result of this change, bus services no longer operate via the Beach Esplanade and Footdee, which has left Footdee residents with a walk of up to 1km to the nearest bus stop on Links Road.
- 3.2 At the City Growth and Resources committee on 21st September 2022, the Committee resolved: “.....(ii) to instruct the Director of Commissioning to invite First Bus to meetings including the Convener and Vice Convener of the City Growth and Resources Committee (soon to be renamed the Finance and Resources Committee) and the Councillors for the George Street / Harbour Ward to discuss the impact the changes to the bus services have had on residents of Footdee, and to explore options to include Footdee in the public transport network; and (iii) to instruct the Director of Commissioning to report back to the next meeting of the Finance and Resources Committee (2 November 2022) on the outcome of the meetings agreed in point (ii) and any potential further steps.”

- 3.3 A meeting was held on 20th October 2022. At the meeting Local Members for the George Street / Harbour Ward provided feedback to First Aberdeen, on the negative impact the removal of bus service has had on the residents of Footdee.
- 3.4 First Aberdeen advised that following a couple of meetings with the residents of Footdee, a survey was undertaken to better understand the travelling pattern of residents.
- 3.5 Following the feedback from the community, First Aberdeen have confirmed that they will introduce up to 4 journeys per day on the service 13, in both directions between Footdee and the City Centre. This will be on an initial 6-month trial basis, with services commencing on Sunday 6th November 2022. The following journeys will operate:

Monday to Friday				
Footdee Departure	City Centre Arrival		City Centre Departure	Footdee Arrival
08:04	08:13		11:34	11:41
10:02	10:11		13:38	13:45
12:07	12:16		15:35	15:43
14:02	14:11		17:35	17:44
Saturday				
Footdee Departure	City Centre Arrival		City Centre Departure	Footdee Arrival
10:05	10:16		11:52	12:02
12:07	12:18		13:53	14:03
14:07	14:18		15:33	15:43
			17:12	17:22
Sunday				
Footdee Departure	City Centre Arrival		City Centre Departure	Footdee Arrival
10:31	10:40		12:08	12:19
12:32	12:42		14:38	14:49
14:32	14:42		17:06	17:17

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report. At the same time, in Aberdeen there is an exceptionally high level of car ownership and usage and reducing reliance on private transport is the best way to improve air quality. A high-quality public transport network is critical to this and, for this to be successful, an accessible public transport system is required.

7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risks identified	Officers will continue to engage with First Aberdeen and Footdee residents, to ensure the community is suitably served by public transport and will report back to the appropriate Committee should the situation change following the 6-month trial by First Aberdeen.	L	Yes
Compliance	No significant risks identified	N/A	L	Yes
Operational	No significant risks identified	N/A	L	Yes
Financial	No significant risks identified	N/A	L	Yes
Reputational	No significant risks identified	N/A	L	Yes
Environment / Climate	No significant risks identified	N/A	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2022-2023</u>	
Impact of Report	
<p>Aberdeen City Council Policy Statement</p> <p><u>Working in Partnership for Aberdeen</u></p>	<p>The proposals within this report support the delivery of the following aspects of the policy statement:-</p> <p><i>Working with the Scottish Government and NESTRANS to improve the city's bus network, including considering options for an Aberdeen Rapid Transit network, with the support of the Scottish Bus Fund, and consider options for council-run services in the city.</i></p> <p><i>Improving the provision of bus services across the city, through investment in new supported services, to enable bus services to be provided to areas and at times which are not economically viable.</i></p> <p>Engagement with the community and First Aberdeen has ensured the area is served by the commercial bus network and Officers will continue to monitor the position during the ongoing trial.</p>
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
<p>Prosperous Economy Stretch Outcomes</p> <p>1. <i>No one will suffer due to poverty by 2026.</i></p> <p>2. <i>400 unemployed Aberdeen City residents supported into Fair Work by 2026.</i></p> <p>3. <i>500 Aberdeen City residents upskilled/ reskilled to enable them to move into, within and between economic opportunities as they arise by 2026</i></p>	<p>The proposals within this report support the delivery of LOIP Stretch Outcomes 1 to 3 as a good transport network means anyone regardless of their social status/economic means can choose a sustainable mode of travel for commuting.</p>
<p>Prosperous Place Stretch Outcomes</p> <p>13. <i>Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by</i></p>	<p>The proposals within this report support the delivery of Place Stretch Outcomes 13 and 14 in the LOIP.</p> <p>A robust and reliable public transport network will encourage public transport uptake and patronage and subsequently contribute towards reducing transport carbon emissions given the move towards</p>

<p><i>2026 and adapting to the impacts of our changing climate.</i></p> <p>14. <i>Increase sustainable travel: 38% of people walking and 5% of people cycling as main mode of travel by 2026.</i></p>	<p>alternative forms of fuel by bus operators in the region.</p>
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<p>Regional and City Strategies</p>	<p>The proposals within this report support Regional and Local Transport Strategies, which all aim to deliver a sustainable transport system as well as enhance the connectivity of the existing transport network.</p>

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required
Other	N/A

10. BACKGROUND PAPERS

10.1 N/A

11. APPENDICES

11.1 N/A

12. REPORT AUTHOR CONTACT DETAILS

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