

Public Document Pack



To: All Members of the Council

Town House,
ABERDEEN, 29 January 2025

COUNCIL

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY, 5 FEBRUARY 2025 at 10.30am.** This is a hybrid meeting, therefore Members may also attend remotely.

ALAN THOMSON
INTERIM CHIEF OFFICER - GOVERNANCE

B U S I N E S S

ADMISSION OF BURGESSES

1.1 Admission of Burgesses

NOTIFICATION OF URGENT BUSINESS

2.1 No urgent business at this stage

DETERMINATION OF EXEMPT BUSINESS

3.1 No exempt business at this stage

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

4.1 Declarations of interest and transparency statements

DEPUTATIONS

5.1 Deputation Requests

MINUTES OF PREVIOUS MEETINGS OF COUNCIL

- 6.1 Minute of Meeting of Aberdeen City Council of 11 December 2024 - for approval (Pages 5 - 18)
- 6.2 Minute of Reconvened Meeting of Aberdeen City Council of 12 December 2024 - for approval (Pages 19 - 28)
- 6.3 Minute of Meeting of Urgent Business Committee of 18 December 2024 - for approval (Pages 29 - 34)
- 6.4 Minute of Special Meeting of Aberdeen City Council of 3 January 2025 - for approval (Pages 35 - 36)
- 6.5 Minute of Special Meeting of Aberdeen City Council of 3 January 2025 - for approval (Pages 37 - 40)
- 6.6 Minute of Reconvened Special Meeting of Aberdeen City Council of 16 January 2025 - for approval (Pages 41 - 46)
- 6.7 Minute of Special Meeting of Aberdeen City Council of 16 January 2025 - for approval (Pages 47 - 50)

REFERRALS FROM COMMITTEES

- 7.1 Establishment of Working Group - Communities, Housing and Public Protection Committee of 21 November 2024 (Pages 51 - 52)

Carried forward from December Council meeting

BUSINESS PLANNER

- 8.1 Council Business Planner (Pages 53 - 58)

GENERAL BUSINESS

- 9.1 Committee Places - CORS/24/353 (Pages 59 - 64)

Carried forward from December Council meeting

- 9.2 North East Scotland Investment Zone - CR&E/24/355 (Pages 65 - 136)
Carried forward from December Council meeting
- 9.3 Governance Review of Trusts - 2024 Update - CORS/24/350 (Pages 137 - 168)
Carried forward from December Council meeting
- 9.4 Council Annual Effectiveness Report - CORS/24/349 (Pages 169 - 190)
Carried forward from December Council meeting
- 9.5 February 2025 RAAC Update - F&C/25/030 (Pages 191 - 210)
- 9.6 Accounts Commission Findings - s102 Report Council Tax Refunds - A Significant Fraud - CORS/25/031 (Pages 211 - 242)
- 9.7 Treasury Management Policy - CORS/25/013 (Pages 243 - 268)

NOTICES OF MOTION

10.1 Notice of Motion by Councillor Ali

"Treating citizens fairly at work is important for the wellbeing of Aberdeen as a community. Aberdeen City Council relies on our own staff to deliver vital services to the public, and our ability to serve the public fundamentally relies on valuing our own staff.

The Scottish Government's policy of "Fair Work First" highlights many important principles, and states that "Fire and re-hire" tactics do not align with the principles and expected practice of Fair Work.

This approach is taken forward by the UK government's Employment Rights Bill which proposes 28 new individual employment rights, and includes proposals to severely restrict the "Fire and re-hire" of staff by employers.

We support the approach by the UK and Scottish governments and, we believe "Fire and re-hire" is a detriment to staff, and agree that officers must not use "Fire and re-hire" with our own staff. We note that the Council approved in its 2024/25 General Fund budget savings of up to £5m per annum from organisational redesign, and these savings should not be from "Fire and re-hire". To reassess the delivery of previously approved budget savings in future years, this should be referred to the 2025/26 budget meeting on 5 March 2025."

EXEMPT / CONFIDENTIAL BUSINESS

11.1 No exempt/confidential business at this stage

Website Address: www.aberdeencity.gov.uk

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

Should you require any further information about this agenda, please contact Martyn Orchard, tel 01224 067598 or morchard@aberdeencity.gov.uk

ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 11 December 2024

MINUTE OF MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
NURUL HOQUE ALI
CHRISTIAN ALLARD
ALISON ALPHONSE
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
DESMOND BOUSE
RICHARD BROOKS
HAZEL CAMERON
DONNA CLARK
JOHN COOKE
NEIL COPLAND
WILLIAM CORMIE
BARNEY CROCKETT
SARAH CROSS
DEREK DAVIDSON
LEE FAIRFULL
EMMA FARQUHAR
GORDON GRAHAM
ROSS GRANT
MARTIN GREIG

DELL HENRICKSON
RYAN HOUGHTON
MICHAEL HUTCHISON
MICHAEL KUSZNIR
GRAEME LAWRENCE
SANDRA MACDONALD
NEIL MacGREGOR
ALEXANDER McLELLAN
KEN McLEOD
CIARAN McRAE
M. TAUQEER MALIK
DUNCAN MASSEY
JESSICA MENNIE
ALEX NICOLL
MIRANDA RADLEY
MRS JENNIFER STEWART
KAIRIN VAN SWEEDEN
LYNN THOMSON
DEENA TISSERA
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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.

Council Meeting, Wednesday, 11 December 2024

ADMISSION OF BURGESSES

1. The persons undermentioned were admitted into the presence of the Council and passed as Burgesses of Guild in respect of their respective Acts of Admission in the Guild Burgess Book:-

Reverend Keith Blackwood, Minister of Religion, Aberdeen
Christina Clunes, Retired Care Assistant, Aberdeen
Dr Iain Duthie, Church Pastor/Minister of Religion, Aberdeen
Gloria Kochman, Retired University and College Lecturer, Aberdeen
Craig Pike, Lawyer-Advocate, Aberdeen
Helen Will, Retired Remittance Manager/Dance Teacher, Aberdeen

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

2. Councillor Yuill advised that he had a connection in relation to items 9.1 (Council Delivery Plan, Annual Review Report), 9.2 (North East Population Health Alliance: End of Year One Progress Report), 9.3 (Budget Protocol: Phase 2 Consultation & Budget Update) and 9.8 (Annual Procurement Report) as the Council's appointed member of the Board of NHS Grampian, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Kuszniir advised that he had connections in relation to item 9.7 (Governance Review of Trusts) as a result of the law firm he worked for acting as legal agent for a Trust referred to in the report; and as a Council appointed Trustee to the Marguerite McBey Trust, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor MacGregor advised that he had a connection in relation to item 9.7 as a Council appointed Trustee to the Aberdeen Endowments Trust, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Cooke advised that he had a connection in relation to items 9.1, 9.2 and 9.3 as Chair of the Integration Joint Board, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Allard advised that had connections in relation to item 9.5 (North East Scotland Investment Zone) as a Council appointed Director to the Board of Opportunity North East and as a member of the Investment Zone Steering Committee, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Grant advised that he had a connection in relation to item 9.1 by reason of his employment by Aberdeen Inspired and as the former City Centre Manager, which was a post referred to in the report, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

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Councillor Greig advised that he had a connection in relation to item 9.2 as a member of the Integration Joint Board and item 9.7 as a Council appointed Trustee to the Marguerite McBey Trust, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Fairfull advised that she had a connection in relation to items 9.1, 9.2 and 9.3 as a member of the Integration Joint Board, however having applied the objective test she did not consider that she had an interest and would not be withdrawing from the meeting.

The Lord Provost advised that he was moving item 7.1 (Establishment of Working Group - Communities, Housing and Public Protection Committee of 21 November 2024) to the end of the agenda.

MINUTE OF MEETING OF ABERDEEN CITY COUNCIL OF 2 OCTOBER 2024

3. The Council had before it the minute of meeting of Aberdeen City Council of 2 October 2024.

The Council resolved:-
to approve the minute.

MINUTE OF SPECIAL MEETING OF ABERDEEN CITY COUNCIL OF 2 OCTOBER 2024

4. The Council had before it the minute of the special meeting of Aberdeen City Council of 2 October 2024.

The Council resolved:-
to approve the minute.

MINUTE OF RECONVENED MEETING OF ABERDEEN CITY COUNCIL OF 11 OCTOBER 2024

5. The Council had before it the minute of the reconvened meeting of Aberdeen City Council of 11 October 2024.

Councillor Malik referred to Article 4 of the minute and advised that he was unwilling to approve the minute as it stated he was absent from the division, when he had voted for his amendment, but the technology had failed. The Interim Chief Officer - Governance (Assurance) advised that this would be recorded in the minute of this meeting, however officers could not record Councillor Malik as having voted for his amendment as there was no record of that vote having been made.

Councillor Malik moved as a procedural motion, seconded by Councillor Tissera:-
That all votes at Full Council meetings be conducted by roll call.

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On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-
to reject the procedural motion.

Councillor Tissera moved as a procedural motion, seconded by Councillor Malik:-
That the apology from Councillor Henrickson to Councillor Tissera be recorded in the minute.

On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-
to reject the procedural motion.

In terms of Standing Order 32.8, Councillor Tissera intimated her dissent against the foregoing decision.

The Council resolved:-

- (i) to note that Councillor Malik had voted for his amendment within Article 4, however due to an issue with the electronic voting system his vote had not registered and therefore was not reflected in the minute; and
- (ii) to otherwise approve the minute.

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COUNCIL BUSINESS PLANNER

6. The Council had before it the business planner as prepared by the Chief Officer - Governance.

The Council resolved:-

- (i) to transfer items 4 (101-103 Union Street), 25 (Beachfront Masterplan - Castlegate) and 29 (Beachfront Shoreline Regeneration (Phase C) - Full Business Case) to the Finance and Resources Committee business planner;
- (ii) to note that item 17 (Scheme of Governance - Terms of Reference) would be reported to the Council meeting in April 2025 as part of the Scheme of Governance review; and
- (iii) otherwise to note the business planner.

COUNCIL DELIVERY PLAN. ANNUAL REVIEW REPORT 2023-24 - CORS/24/281

7. The Council had before it a report by the Chief Officer - Data Insights which presented an Annual Review Report which highlighted progress with respect to the 2023-24 Council Delivery Plan approved by the Council on 1 March 2023.

The report recommended:-

that the Council note the report and provide comments and observations on the information contained in the Annual Review Report at Appendix A.

Councillor Yuill moved, seconded by Councillor Allard:-
That the Council note the report.

Councillor Malik moved as an amendment:-

That the Council -

- (1) agree to note the Council Delivery Plan Annual Review Report; and
- (2) agree the key milestones noted in the report reflect the ongoing inability of the SNP to deliver anything meaningful within their Council Delivery Plan adopted at Council in May 2022 despite being 2½ years into their term of office.

During the course of Councillor Malik moving his amendment there was a reaction from Councillor Allard which led to various interruptions and the Lord Provost calling a short adjournment. Upon resumption of the meeting, the Lord Provost stated that he had warned Councillor Allard via a nonverbal cue at the time, however he apologised for not articulating this verbally to the meeting.

Councillor Malik then resumed moving his amendment and was seconded by Councillor Watson.

Councillor Brooks moved as a further amendment, seconded by Councillor Kuszniir:-

That the Council -

- 1. Notes the report and agrees that the Council delivery plan broadly reflects the manner in which the SNP-led Administration run the Council;

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2. Notes from the report that a number of SNP-Liberal Democrat Administration pledges have:
 - a. not been enacted, or
 - b. are no longer to be enacted, or
 - c. have been watered-down, such as Citizens Assemblies;
 which is indicative of a third-rate council leadership, who are 'managing' rather than 'leading' Aberdeen City Council.
3. Furthermore, notes the most recent City Centre Masterplan and the City Centre bus priority route correspondence with 3rd party stakeholders, as highlighted in a recent newspaper article.
4. Further notes that the Council administration has favoured bus companies over our business-rates paying, city centre businesses in the presentation and consideration of the Experimental Traffic Regulation Order (also known as Bus Gates).
5. Further notes that the Conservative Group Leader has written to the Executive Director (City Regeneration & Environment) for assurance that the Member-Officer Relations Protocol (MORP) was not breached by any SNP-led Administration pressure, put on Council officers, to favour permanency of the city centre bus priority measures over that of the economic wellbeing of our city centre business-rate paying businesses.
6. Instructs the Executive Director (City Regeneration & Environment) that should it not be possible to offer assurance that the MORP was not breached (as per item 5) that the item is further investigated and reported back to Full Council.

During the course of summing up, Councillor Malik agreed to incorporate Councillor Brooks' amendment into his amendment as a joint amendment. Councillor Brooks therefore agreed to withdraw his amendment.

Councillor Tissera moved as a procedural motion, seconded by Councillor Malk:-
That the vote on this item be conducted by roll call.

On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-
to reject the procedural motion.

The Council then divided on the substantive item.

On a division, there voted:-

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For the motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

For the amendment (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

The Council resolved:-
to adopt the motion.

NORTH EAST POPULATION HEALTH ALLIANCE: END OF YEAR ONE PROGRESS REPORT - CORS/24/280

8. The Council had before it a report by the Chief Officer - Data Insights which presented a progress report after the first year of operation of the North East Population Health Alliance (NEPHA).

The report recommended:-
that the Council -

- (a) note the report and provide comments and observations on the information contained in the report; and
- (b) agree to instruct a progress report on the second year of the operation of the strategic partnership agreement.

The Council resolved:-

- (i) to note the report; and
- (ii) to instruct a progress report on the second year of the operation of the strategic partnership agreement.

BUDGET PROTOCOL: PHASE 2 CONSULTATION & BUDGET UPDATE - CORS/24/357

9. The Council had before it a report by the Chief Officer - Finance and the Chief Officer - Data Insights which satisfied the requirements of the approved Budget Protocol, in respect of reporting to Council the results of the Phase 2 Public Budget Consultation, which included details of the current estimated budget position for 2025/26, the budget options and the Integrated Impact Assessments. In addition, the report provided a brief update on the budget model following the UK Budget, announced on 30 October 2024, where it was currently known to affect the Council.

The report recommended:-
that the Council -

- (a) note the content of the report;
- (b) agree, subject to any further clarification from Scottish Government, that the General Fund budget model for 2025/26 would assume the cost of increased Employer National Insurance Contributions would be fully funded;

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- (c) note that COSLA had identified that the wider cost of Employer National Insurance Contributions increasing had implications for services commissioned and funded to deliver public services;
- (d) agree that the Chief Officer - Finance, working with the Extended Corporate Management team, update the General Fund financial model for 2025/26 for the Local Government Financial Settlement for 2025/26 from Scottish Government and to take account of the analysis work described in the report;
- (e) agree, due to the new financial risks, that updated financial modelling be done in conjunction with NHS Grampian, for the Aberdeen City Integration Joint Board and included in the General Fund budget report for 2025/26; and
- (f) note that the Council would be presented with the final budget position and the request to approve a balanced General Fund Revenue and Capital Budget, and set Council Tax for 2025/26 at the Budget meeting on 5 March 2025.

Councillor McLellan moved, seconded by the Depute Provost:-

That the Council -

- (1) approves the recommendations;
- (2) notes that the Scottish Government's proposed budget, presented to the Scottish Parliament on 4 December 2024, provides an uplift to local authority budgets in a continued context of financial challenge for public services, and that this budget goes some way to meeting COSLA's asks; however, recognises it will take more than a single year's settlement to restore the financial position of local authorities;
- (3) notes that the Scottish Government estimates (*published 20 November 2024*) a £549m cost implication, including £265m cost to local government, of employer National Insurance Contributions (NICs) changes to the directly employed devolved Scottish public sector workforce as a result of UK employer NICs policy;

Workforce (directly employed)	Increase in NICs bill in financial year 2025 to 2026 as a result of UK policy changes £ million
Local government	265
NHS boards	191
Police	25
Fire and Rescue Service	5
Prison Service	6
Transport Bodies (including rail)	12
Scottish Government	10
Other	34
Total	549

(the Scottish Government, 20 November 2024)

- (4) agrees the UK Government must urgently clarify additional funding to protect Scotland's local government, including ALEOs and partners who deliver statutory services, from additional costs arising from the rise in employer NIC; and
- (5) instructs the Chief Executive to write to the UK Government's Chancellor of the Exchequer and Secretary of State for Scotland, and the Scottish Government's Cabinet Secretary for Finance and Local Government, setting out the costs of NIC to Aberdeen City Council, and Aberdeen City Council's budget position if funding for NIC is not provided from the UK

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Government in addition to the Local Government Financial Settlement for 2025/26

Councillor Malik moved as an amendment, seconded by Councillor Grant:-

That the Council -

- (1) note the contents of the report;
- (2) agree, subject to any further clarification from Scottish Government, that the General Fund budget model for 2025/26 will assume the Council receives its fair share of funding from the Scottish Government, noting the Scottish Government has received the biggest settlement from Westminster since devolution which includes extra funding of £5.4 billion pounds;
- (3) note that COSLA has written to Scottish Government seeking assurance that local government in Scotland and the communities we serve will receive our fair share of the additional funds announced in the UK Budget. Noting Scottish Local Government has seen significant cuts to our core settlement over time, and moving into 2025/26 we can begin to reverse these cuts and ensure that there is sustainable investment in local public services;
- (4) agree that the Chief Officer - Finance, working with the Extended Corporate Management team, update the General Fund financial model for 2025/26 for the Local Government Financial Settlement for 2025/26 from Scottish Government and to take account of the analysis work described in the report;
- (5) agree, due to the new financial risks, that updated financial modelling is done in conjunction with NHS Grampian, for the Aberdeen City Integration Joint Board and included in the General Fund budget report for 2025/26; and
- (6) note that the Council will be presented with the final budget position and the request to approve a balanced General Fund Revenue and Capital Budget, and set Council Tax for 2025/26 at the Budget meeting in March 2025.

Councillor Boulton moved as a further amendment, seconded by Councillor Nicoll:-

That the Council approve the recommendations contained within the report.

During the course of debate, the Lord Provost highlighted that Councillor Tissera had been pre-occupied with her mobile phone for much of the meeting and this led to a reaction and interruptions from various members, following which the Lord Provost called a short adjournment. Upon resumption of the meeting, the Lord Provost stated that he should not have mentioned the mobile phone and apologised for that.

Councillor Watson moved as a procedural motion, seconded by Councillor Tissera:-

That the vote on this item be conducted by roll call.

On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kusznir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

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Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-

to reject the procedural motion.

The Council then voted on the substantive item.

There being a motion and two amendments, the Council first voted between the amendment by Councillor Malik and the amendment by Councillor Boulton.

On a division, there voted:-

For the amendment by Councillor Malik (11) - Councillors Ali, Blake, Bonsell, Graham, Grant, Lawrence, Macdonald, Malik, Thomson, Tissera and Watson.

For the amendment by Councillor Boulton (10) - Councillors Boulton, Brooks, Cross, Farquhar, Houghton, Kuszniir, McLeod, Massey, Nicoll and Mrs Stewart.

Declined to vote (24) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Crockett, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council then voted between the motion and the amendment by Councillor Malik.

On a division, there voted:-

For the motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

For the amendment by Councillor Malik (14) - Councillors Ali, Blake, Bonsell, Crockett, Graham, Grant, Lawrence, Macdonald, Malik, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Declined to vote (8) - Councillors Boulton, Brooks, Cross, Farquhar, Houghton, Kuszniir, McLeod and Massey.

The Council resolved:-

- (i) to adopt the motion; and
- (ii) to note that the Chief Executive would organise a session with elected members to look at levels of engagement with the budget consultation and to consider suggestions for improvement.

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The Lord Provost agreed to take item 10.1 (Notice of Motion by Councillor Kusznr) at this juncture, before considering what would happen with the remaining business.

NOTICE OF MOTION BY COUNCILLOR KUSZNIR

10. The Council had before it a notice of motion by Councillor Kusznr in the following terms:-

“That the Council:

- (1) Notes the Aberdeen Friends of Ukraine dinner on 14 September 2024 which brought together the Ukrainian community, supporters and elected members, from myriad political parties, to recognise the local efforts of support and assistance since the illegal invasion of Ukraine by Russia;
- (2) Recognises the ongoing support from both the Council to the Ukrainian community and that from ordinary Aberdonians who support the Ukrainian school at Rosemount Community Centre; and
- (3) Reaffirms the Council's commitment to continuing support for the Ukrainian community in the face of continuing Russian aggression.”

The Council resolved:-

to approve the notice of motion.

REMAINING BUSINESS

11. Councillor Allard moved as a procedural motion, seconded by Councillor Radley:-

That the Council -

- (1) refer item 10.2 to the Communities, Housing and Public Protection Committee;
- (2) refer item 10.3 to the budget process;
- (3) refer item 10.4 to the Finance and Resources Committee;
- (4) refer item 10.5 to the Communities, Housing and Public Protection Committee;
- (5) defer items 7.1, 9.5, 9.6, 9.7 and 9.10 to the next Council meeting; and
- (6) refer items 9.8 and 9.9 to the Finance and Resources Committee.

On a division, there voted:-

For the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

Against the procedural motion (21) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Farquhar, Graham, Grant, Houghton, Kusznr, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

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Declined to vote (1) - Councillor Cross.

The Council resolved:-

to adopt the procedural motion.

The Lord Provost noted that the meeting was approaching the 6 hour mark and that item 9.4 (Housing Revenue Account Budget 2025/26) was still to be dealt with, therefore the Council would be unable to complete the item unless it suspended Standing Orders.

Councillor Houghton moved as a procedural motion, seconded by Councillor Malik:-

That the Council suspend Standing Order 40.2 to extend the length of the meeting to consider item 9.4.

Councillor Watson moved as a procedural motion, seconded by Councillor Malik:-

That the vote on this item be conducted by roll call.

On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-

to reject the procedural motion.

The Council then voted on the initial procedural motion by Councillor Houghton.

On a division, there voted:-

For the procedural motion (22) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-

to reject the procedural motion.

With regard to item 9.4 and the amendment from the Labour Group which had been circulated prior to the meeting, Councillor Radley asked the Chief Officer - Finance for

Council Meeting, Wednesday, 11 December 2024

his advice regarding the use of reserves in accordance with Standing Order 29.11. The Chief Officer - Finance advised that he had been consulted on the amendment and his strong advice was that it was legally competent, however the use of reserves was financially ill-advised and he was willing to circulate further written advice accordingly.

Following various contributions, questions and responses from officers, the Lord Provost advised that he was adjourning the meeting in accordance with Standing Order 40.3 and that the meeting would recommence on 12 December at 11.00am to consider item 9.4.

Prior to the meeting concluding, the Lord Provost advised that an Aberdeen tenant had been recognised for her outstanding contribution to tenant participation over 25 years. The Lord Provost noted that Betty Simpson had been awarded the Lifetime Achievement in Tenant Participation at the recent Tenant Participation Information Service national awards for her hard work and commitment to bringing about positive change to Aberdeen's housing services. The Lord Provost congratulated Betty on this great achievement.

The Council resolved:-

to concur with the Lord Provost's remarks.

- DAVID CAMERON, Lord Provost.

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ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 12 December 2024

MINUTE OF RECONVENED MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
NURUL HOQUE ALI
CHRISTIAN ALLARD
ALISON ALPHONSE
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
DESMOND BOUSE
RICHARD BROOKS
HAZEL CAMERON
DONNA CLARK
JOHN COOKE
NEIL COPLAND
WILLIAM CORMIE
BARNEY CROCKETT
SARAH CROSS
DEREK DAVIDSON
LEE FAIRFULL
EMMA FARQUHAR
GORDON GRAHAM
ROSS GRANT

MARTIN GREIG
DELL HENRICKSON
MICHAEL HUTCHISON
GRAEME LAWRENCE
SANDRA MACDONALD
NEIL MacGREGOR
ALEXANDER McLELLAN
KEN McLEOD
CIARAN McRAE
M. TAUQEER MALIK
DUNCAN MASSEY
JESSICA MENNIE
ALEX NICOLL
MIRANDA RADLEY
KAIRIN VAN SWEEDEN
LYNN THOMSON
DEENA TISSERA
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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.

Council Meeting, Thursday, 12 December 2024

HOUSING REVENUE ACCOUNT BUDGET 2025/26 - CORS/24/356

1. With reference to Article 11 of the minute of its meeting of 11 December 2024, the Council heard from Alan Thomson, Interim Chief Officer - Governance (Legal), who sought to offer clarity on some confusion that had arisen at the end of the meeting regarding item 9.4 (Housing Revenue Account Budget 2025/26).

Mr Thomson stated, for the avoidance of doubt, that the Member-Officer Relations Protocol and Standing Orders formed part of the Council's Scheme of Governance. He added that the Partnership had asked a question on the Labour amendment under Standing Order 26.2.1, which he quoted, and this was in relation to the use of reserves and competency. The question had been directed to the Chief Officer – Finance, who responded under Standing Order 29.11, which Mr Thomson also quoted. The Chief Officer - Finance advised that financial advice was given regarding the amendment and confirmed that it was legally competent but financially ill-advised and offered the rationale for this.

Mr Thomson explained that the Chief Officer - Finance had a duty to highlight any financial risk to the Council, especially regarding the use of reserves, and that Standing Order 29.9 had also been engaged, which he quoted. To summarise, Mr Thomson stated that there had been no breach of the Member-Officer Relations Protocol and all amendments were fully confidential between officers and elected members until they were made public just before the Council meeting. He added that the correct Standing Orders had been applied throughout and the Chief Officer - Finance had advised the Labour Group in writing the evening before the Council meeting that he would have to share the advice to all members under Standing Order 29.11.

Following further questions about process, which officers responded to, the Council was circulated with an advice note from the Chief Officer - Finance under Standing Order 29.11 on the use of reserves.

The Council had before it a report by the Chief Officer - Finance which provided information to enable the Council to approve a housing revenue and capital budget for 2025/26, including setting of the rents and other charges on the Housing Revenue Account (HRA) for the financial year.

The report recommended:-

that the Council -

- (a) approve the budget as attached in Appendix 1, page 2, of the report;
- (b) approve the setting of the weekly unrebated rents, an increase of 12%, for municipal homes in Appendix 1, page 3 of the report, to take effect from Monday 7 April 2025;
- (c) approve the level of revenue contribution to the Housing Capital budget for 2025/26 as detailed in Appendix 1, pages 22 to 24;
- (d) agree to work towards restoring the working balances to 10% to meet future operational requirements and risks, noting that if the Housing Revenue Account records a deficit and has no reserves then the Council's General Fund must make a contribution to balance the Account;

Council Meeting, Thursday, 12 December 2024

- (e) approve the level of miscellaneous rents and service charges, including Heat with Rent and the General Fund Support Services Charges as detailed in Appendix 1, pages 18 to 19, to take effect from Monday 7 April 2025;
- (f) approve, based on a rental increase of 12% the Base Capital Programme for the financial year 2025/26 Appendix 1, pages 22 to 24;
- (g) note the inclusion of the tiered trend analysis of the Housing Revenue Account Budget 2025/26, page 4 in Appendix 1, and the current actions to move spend from Tier 2 Early Intervention to Tier 1 Prevention;
- (h) approve the continuation of the £500,000 Rent Assistance Fund pilot in 2025/26;
- (i) instruct the Chief Officer - Housing in consultation with the Chief Officer - Finance and the Chief Officer - Digital and Technology to explore the resource and technical implications for moving from a 48 week to a 52 week rent structure, and to consult with tenants thereafter;
- (j) delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to vire monies from the Housing Capital Plan to support any works that may be required for RAAC interventions across the estate, retrospectively reporting any actions to the next available meeting of the Communities, Housing and Public Protection Committee; and
- (k) delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to approve a business case and thereafter procure external contractor support to manage backlog voids over a three-year period, financed from the proposed repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million.

At this juncture, Councillor Brooks advised that he had a connection in relation to the item by reason of a family member who worked for the Council in Customer Services, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Bonsell advised that she had a connection in relation to the item as a member of the Chartered Institute of Public Finance and Accountancy (CIPFA), however having applied the objective test she did not consider that she had an interest and would not be withdrawing from the meeting.

Councillor Radley moved, seconded by Councillor Henrickson:-

That the Council:

- (i) notes that, to date, £34m has been invested during 2024/2025 delivering upgrades to Council homes - 165 kitchen upgrades, 102 bathrooms, 219 windows, 372 fire doors (FD60);
- (ii) commits £76m in 2025/26 to continue capital upgrades within Council housing stock to ensure these homes meets current and future standards;
- (iii) welcomes the 206 Union Street project which is due to be completed in 2025, delivering 28 high quality, affordable social homes on Union Street, which will lead to more people living in the city centre;
- (iv) welcomes that £28m has been spent this year delivering the Cloverhill housing project, Craighill housing project and the Council's other new build projects;
- (v) approves the budget as attached in Appendix 1, page 2, of the report, subject to the following amendments:

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- (a) no contribution towards capital expenditure will be made from revenue in 2025/26;
- (b) no contribution towards restoring HRA Reserves will be made in 2025/26;
- (c) there will be a contribution of £792,000 from HRA Reserves during 2025/26, leaving the projected value of HRA Reserves as at 31 March 2026 approximately £7.6m or 6.5% of HRA operating costs - below the 10% HRA Reserves target;
- (d) grounds maintenance on HRA land will be reduced during 2025/26 by 20%, saving £600,000;
- (e) introduce an additional new build premium of 15% for those properties that are first let, or thereafter have a change in tenancy, having been handed over to the Council after 18 March 2021, with effect from 7 April 2025; resulting in:
- (f) approval of the setting of the weekly unrebated rents at an increase of 7.5%, for municipal homes, to take effect from Monday 7th April 2025;
- (vi) agree to work towards restoring the working balances to 10% in future years to meet future operational requirements and risks, noting that if the Housing Revenue Account records a deficit and has no reserves then the Council's General Fund must make a contribution to balance the Account;
- (vii) approve the level of miscellaneous rents and service charges, including Heat with Rent and the General Fund Support Services Charges as detailed in Appendix 1, pages 18 to 19, to take effect from Monday 7 April 2025;
- (viii) approve, based on a rental increase of 7.5% the Base Capital Programme for the financial year 2025/26 Appendix 1, pages 22 to 24;
- (ix) approve an expansion of the Rent Assistance Fund in 2025/26 to a maximum value of £1m, the intention being to reduce bad debt, and noting that an evaluation of the initial pilot will be reported to Communities, Housing and Public Protection Committee in 2025, after 1 full year of operation;
- (x) instruct the Chief Officer - Housing in consultation with the Chief Officer - Finance and the Chief Officer - Digital and Technology to explore the resource and technical implications of moving from a 48 week to a 52 week rent structure with effect from April 2026, and to consult with tenants on moving to this rent structure and how they could be supported through the transition, reporting back to the Communities, Housing and Public Protection Committee, and where necessary Finance and Resources Committee, by Autumn 2025;
- (xi) delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers and the Convener of Communities, Housing and Public Protection and the Convener of Finance and Resources Committees, to vire monies from the Housing Capital Plan to support any works that may be required for RAAC interventions across the estate, retrospectively reporting any actions to the next available meeting of the Communities, Housing and Public Protection Committee;
- (xii) delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers and the Convener of Communities, Housing and Public Protection and Convener of Finance and Resources Committees, to approve a business case and thereafter procure external contractor support to manage backlog voids over a three-year

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- period, financed from the repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million; and
- (xiii) instruct the Chief Officer - Housing to promote the flexibility outlined within the Allocations Policy to allocate two-bedroomed properties, where no suitable applications are identified, to applicants requiring one-bedroom properties.

Councillor Malik moved as an amendment, seconded by Councillor Grant:-

That the Council -

1. approve the budget as attached in Appendix 1;
2. approve the setting of the weekly unrebated rents at an increase of 5.12% for municipal homes, to take effect from Monday 7 April 2025, making the following adjustments to the proposed budget in the report at Appendix 1:
 - (a) use of HRA reserves of £5,000,000, resulting in the projected balance, subject to in-year performance, as at 31 March 2026 being only £3.420m or 2.9% of HRA operating costs;
 - (b) take Void Costs down by £2,166,000;
3. approve the level of revenue contribution to the Housing Capital budget for 2025/26 as detailed in Appendix 1;
4. agree to work towards restoring the working balances to 10% to meet future operational requirements and risks, noting that if the Housing Revenue Account records a deficit and has no reserves then the Council's General Fund must make a contribution to balance the Account;
5. approve the level of miscellaneous rents and service charges, including Heat with Rent and the General Fund Support Services Charges as detailed in Appendix 1, to take effect from Monday 7 April 2025;
6. approve, based on a rental increase of 5.12% the Base Capital Programme for the financial year 2025/26 Appendix 1;
7. agree the UK Labour budget has put Housing at the top of the agenda and instruct the Chief Officer - Housing to write to the Scottish Government's Finance Secretary seeking an uplift in our Housing budget to build additional new homes;
8. approve the continuation of the £500,000 Rent Assistance Fund pilot in 2025/26;
9. instruct the Chief Officer - Housing in consultation with the Chief Officer - Finance and the Chief Officer - Digital and Technology to explore the resource and technical implications for moving from a 48 week to a 52 week rent structure, and to consult with tenants thereafter, reporting back to Communities, Housing and Public Protection Committee;
10. delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to vire monies from the Housing Capital Plan to support any works that may be required for RAAC interventions across the estate, retrospectively reporting any actions to the next available meeting of the Communities, Housing and Public Protection Committee;
11. instruct the Chief Officer - Housing to write to the Scottish Government's Finance Secretary asking for money to help towards RAAC, following the Scottish Government receiving the biggest uplift in its block grant since the inception of the devolved Scottish Government;

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12. instruct the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to bring forward a business case to reduce and manage backlog voids by 15% over a three-year period, financed from the proposed repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million and report to Communities, Housing and Public Protection Committee;
13. note that Ivan Mckee, MSP Minister for Public Finance has previously stated in the Scottish Parliament that he is willing to consider fiscal flexibilities to allow Aberdeen City Council to reach a just and equitable settlement with homeowners whose properties are impacted by RAAC;
14. note the decision made in August 2024 to:

"Take forward negotiations with private owners to acquire their properties voluntarily at Market Value, noting that this will be a valuation of the property at the current date and be on the same basis as the CPO process. In addition to Market Value the council will be willing to meet reasonable legal and professional costs along with home loss and disturbance payments."; and
15. instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Finance to take forward negotiations with private owners on the acquisition of their properties voluntarily at pre-RAAC valuations, pausing negotiations which are currently underway, and to report the outcome of any discussions to the General Fund budget process in March 2025. Noting that the Council would continue to be willing to meet reasonable legal and professional costs along with home loss and disturbance payments.

Councillor Massey moved as a second amendment, seconded by Councillor Brooks:-

That the Council -

1. recognises the commitment of the previous administration towards Council tenants;
2. approves:
 - a. recommendations 2.3, 2.4, 2.5, 2.7, 2.8, 2.9;
 - b. the setting of the weekly unreputed rents, an increase of 9.69% for municipal homes to take effect from Monday 7 April 2025;
 - c. the introduction of the 15% new build premium set out in the report for homes handed over to the Council after 1 April 2025;
 - d. the introduction of the rent differentials as set out in the report, impacting on 2, 3 and 4 bedroom properties with effect from Monday 7 April 2025;
 - e. based on the above rental increases, the Base Capital Programme for the financial year 2025/26 Appendix 1, pages 22 to 24 of this report;
3. instructs the Chief Officer - Housing to bring forward a report to the Communities, Housing and Public Protection, within the next two cycles, on options for delivering 5% administrative and staffing efficiencies over the next 5 financial years;
4. instructs the Chief Officer - Corporate Landlord to prepare a business case and submit it to the Communities, Housing and Public Protection Committee; and authorises that Committee to review and approve that business case and thereafter to instruct that Chief Officer to procure external contractor support, such business case and procurement to relate to managing backlog voids over a three-year period, financed from the proposed repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million;

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5. notes that Ivan Mckee, MSP Minister for Public Finance has previously stated in the Scottish Parliament that he is willing to consider fiscal flexibilities to allow Aberdeen City Council to reach a just and equitable settlement with homeowners whose properties are impacted by RAAC;
6. notes the decision made in August 2024 to:

"Take forward negotiations with private owners to acquire their properties voluntarily at Market Value, noting that this will be a valuation of the property at the current date and be on the same basis as the CPO process. In addition to Market Value the council will be willing to meet reasonable legal and professional costs along with home loss and disturbance payments."; and
7. instructs the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Finance to take forward negotiations with private owners on the acquisition of their properties voluntarily at pre-RAAC valuations, pausing negotiations which are currently underway, and to report the outcome of any discussions to the General Fund budget process in March 2025. Noting that the Council would continue to be willing to meet reasonable legal and professional costs along with home loss and disturbance payments.

Councillor Boulton moved as a third amendment, seconded by Councillor Nicoll:-
That the Council -

1. approve the budget as attached in Appendix 1, page 2, of the report, subject to the following amendments:
 - (a) no contribution towards capital expenditure will be made from revenue in 2025/26; resulting in:
 - (b) approval of the weekly unrebated rents, an increase of 9.64%, for municipal homes to take effect from Monday 7 April 2025;
2. agree to work towards restoring the working balances to 10% in future years to meet future operational requirements and risks, noting that if the Housing Revenue Account records a deficit and has no reserves then the Council's General Fund must make a contribution to balance the Account;
3. approve the level of miscellaneous rents and service charges, including Heat with Rent and the General Fund Support Services Charges as detailed in Appendix 1, pages 18 to 19, to take effect from Monday 7 April 2025;
4. approve, based on a rental increase of 9.64% the Base Capital Programme for the financial year 2025/26 Appendix 1, pages 22 to 24;
5. approve the continuation of the £500,000 Rent Assistance Fund pilot in 2025/26;
6. instruct the Chief Officer - Housing in consultation with the Chief Officer - Finance and the Chief Officer - Digital and Technology to explore the resource and technical implications for moving from a 48 week to a 52 week rent structure, and to consult with tenants thereafter;
7. delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to vire monies from the Housing Capital Plan to support any works that may be required for RAAC interventions across the estate, retrospectively reporting any actions to the next available meeting of the Communities, Housing and Public Protection Committee;
8. delegate authority to the Chief Officer - Corporate Landlord, following consultation with appropriate Chief Officers, to approve a business case and

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- thereafter procure external contractor support to manage backlog voids over a three-year period, financed from the proposed repair and maintenance budget (with capital allocation as required) for a value not exceeding £15 million;
9. note that Ivan McKee, MSP Minister for Public Finance has previously stated in the Scottish Parliament that he is willing to consider fiscal flexibilities to allow Aberdeen City Council to reach a just and equitable settlement with homeowners whose properties are impacted by RAAC;
 10. note the decision made in August 2024 to:
"Take forward negotiations with private owners to acquire their properties voluntarily at Market Value, noting that this will be a valuation of the property at the current date and be on the same basis as the CPO process. In addition to Market Value the council will be willing to meet reasonable legal and professional costs along with home loss and disturbance payments."; and
 11. instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Finance to take forward negotiations with private owners on the acquisition of their properties voluntarily at pre-RAAC valuations, pausing negotiations which are currently underway, and to report the outcome of any discussions to the General Fund budget process in March 2025. Noting that the Council would continue to be willing to meet reasonable legal and professional costs along with home loss and disturbance payments.

There being a motion and three amendments, the Council first voted between the amendment by Councillor Massey and the amendment by Councillor Boulton.

On a division, there voted:-

For the amendment by Councillor Massey (4) - Councillors Brooks, Farquhar, McLeod and Massey.

For the amendment by Councillor Boulton (2) - Councillors Boulton and Nicoll.

Declined to vote (34) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Ali, Allard, Alphonse, Blake, Bonsell, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Crockett, Davidson, Fairfull, Grant, Greig, Henrickson, Hutchison, Lawrence, Macdonald, MacGregor, McLellan, McRae, Malik, Mennie, Radley, van Sweeden, Thomson, Tissera, Watson and Yuill.

Absent from the division (2) - Councillors Cross and Graham.

The Council then voted between the amendment by Councillor Malik and the amendment by Councillor Massey.

On a division, there voted:-

For the amendment by Councillor Malik (11) - Councillors Ali, Blake, Bonsell, Grant, Lawrence, Macdonald, Malik, Nicoll, Thomson, Tissera and Watson.

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For the amendment by Councillor Massey (5) - Councillors Boulton, Brooks, Farquhar, McLeod and Massey.

Declined to vote (24) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Crockett, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

Absent from the division (2) - Councillors Cross and Graham.

The Council then voted between the motion and the amendment by Councillor Malik.

On a division, there voted:-

For the motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

For the amendment by Councillor Malik (12) - Councillors Ali, Blake, Bonsell, Crockett, Grant, Lawrence, Macdonald, Malik, Nicoll, Thomson, Tissera and Watson.

Declined to vote (5) - Councillors Boulton, Brooks, Farquhar, McLeod and Massey.

Absent from the division (2) - Councillors Cross and Graham.

The Council resolved:-
to adopt the motion.

ANNOUNCEMENTS

2. Councillor Malik expressed his thanks to the Chief Executive and all members of staff for their service during the year and wished everyone a merry Christmas and a happy new year. He also thanked the Lord Dean for the chocolates she had provided at the meeting.

Councillor Boulton noted that a teacher at Culter Primary School had sadly passed away very recently, Jill Roberts. She added that Jill had also been Acting Head at the school for many years and would be greatly missed by the whole community; she was a great friend to many people.

The Lord Provost echoed the comments from Councillor Malik and Councillor Boulton and wished everyone well for the festive season.

- DAVID CAMERON, Lord Provost.

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URGENT BUSINESS COMMITTEE

ABERDEEN, 18 December 2024. Minute of Meeting of the URGENT BUSINESS COMMITTEE. Present:- Councillor Yuill, Convener; Councillor Allard, Vice Convener; and Councillors Blake, Brooks, Greig, Malik and Radley.

Also in attendance:- Councillors Graham, McLellan, Nicoll and van Sweeden.

The agenda 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 Council minute and this document will not be retrospectively altered.

STATEMENT BY THE CHIEF EXECUTIVE

1. The Chief Executive offered an apology to elected members on behalf of herself, the Director, the Chief Officer and officers. She advised that in reviewing the motion that was agreed by Council on 11 October 2024, officers did not identify all of the implications of the suggested modification and that was a mistake. She added that it had been a very active meeting with many questions, motions and amendments to consider and in this case an oversight brought us here today.

The Chief Executive noted it was her duty to minimise the risk of any Council decision being subject to legal challenge and that was why the meeting was taking place today. She added that she was genuinely sorry to be in this position, but it was important that officers had the ability to be open when there was an oversight and that corrective action could be brought forward.

The Chief Executive advised that the team had been reflecting on what happened and there were lessons to be learned with regard to improved scrutiny, particularly around statutory processes which could be complex. She highlighted that officers were happy to explore with the Governance Reference Group ways to improve the advice given on motions and amendments.

The Chief Executive recognised the frustration this matter had caused close colleagues in Aberdeen Inspired and local businesses and that irrespective of the decision today, colleagues looked forward to working together positively for the good of the city.

DETERMINATION OF URGENT BUSINESS

2. The Convener explained that that the matter was urgent and required to be considered this day to ensure officers received the necessary instruction from the Committee to implement the legal processes for making the Experimental Traffic Regulation Order (ETRO) permanent within the legislative timeline before 1 February 2025. He added that the report proposed a course of action to manage the risk to the Council and this was timebound under the legislation, and noted that if instruction was given today, this would provide the required time for officers to make the necessary

URGENT BUSINESS COMMITTEE

18 December 2024

preparations, which involved writing the required Traffic Order, responding to objectors and publishing the notice for making the Order.

Following questions to officers on the process and urgency, some members expressed the view that the matter was not urgent.

The Convener moved as a procedural motion, seconded by Councillor Radley:-

That the Committee agree that the item was of an urgent nature and required to be considered this day and decisions taken thereon, for the reasons set out in the report and by the Convener.

On a division, there voted:- for the procedural motion (4) - Convener; Vice Convener; and Councillors Greig and Radley; against the procedural motion (3) - Councillors Blake, Brooks and Malik.

The Committee resolved:-

to adopt the procedural motion.

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

3. The Convener advised that he had connections in relation to the item as a member of Cycling UK and as a member of the AA (Automobile Association), however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

DEPUTATION

4. The Committee was advised that a deputation request had been received from Adrian Watson, Chief Executive Officer of Aberdeen Inspired, however Standing Orders would require to be suspended to hear the deputation as the request had been received beyond the deadline contained within Standing Order 14.1

The Committee resolved:-

to suspend Standing Order 14.1 to hear the deputation.

Mr Watson thanked the Committee for the opportunity to speak and advised that he was doing so on behalf of the 700 or so businesses that Aberdeen Inspired represented, but also businesses outside of the city centre and further afield. He added that he was also representing other organisations that could not be here, such as Aberdeen & Grampian Chamber of Commerce, the Federation of Small Businesses and Our Union Street.

Mr Watson sensed that the Council was driving through the ETRO to make it permanent, which he strongly disagreed with and had made that clear in his letter to the Council of 13 November 2024. He noted that Aberdeen Inspired had identified a flaw in the process, however this should be viewed as an opportunity by the Council to get round the table

URGENT BUSINESS COMMITTEE

18 December 2024

with key partners to talk things through. He added that the consternation from local businesses was well documented and was evidenced in surveys by the Chamber of Commerce and Aberdeen Inspired, which demonstrated that 93% of businesses were concerned moving forward.

Mr Watson stated that he had taken advice from independent consultants in the field of roadscape and they believed that the Council should consider a Traffic Regulation Order (TRO), rather than the ETRO, which would give people and businesses a chance to air their concerns.

Mr Watson observed that people from Aberdeenshire were not visiting the city in the same numbers as they had done previously. He believed that much more than a communications strategy was required - the city needed to be accessible and open to business and it was well documented that businesses were closing. Mr Watson underlined that he walked the streets on a daily basis and could see the pain being felt by businesses, there was deep anxiety and a lot of emotion. Since bus gates were introduced, he stated that there had been between a 15% and 40% downturn for businesses. He acknowledged the viewpoint that footfall was holding firm, however footfall was not the acid test - it was sales that really mattered.

Mr Watson called on the Council to slow things down, to pause and not drive towards the date in January. He believed that it was not healthy to be on opposing sides with regard to such a crucial issue and that the Council was unsighted on the economic ramifications as the economic impact assessment was flawed, having been put in place for previous plans based on pedestrianisation.

Mr Watson concluded that there was no evidence base for making the ETRO permanent and urged the Committee to take the opportunity to move towards a TRO process. He pleaded for healthy engagement with businesses which would lead to working together for a common sense compromise moving forward.

Members asked questions of Mr Watson and thanked him for his deputation.

THE ABERDEEN CITY COUNCIL (CITY CENTRE, ABERDEEN) (TRAFFIC MANAGEMENT) (EXPERIMENTAL) ORDER 2023 - IMPLEMENTATION - CR&E/24/360

5. With reference to Article 4 of the minute of the meeting of Council of 11 October 2024, the Committee had before it a report by the Chief Officer - Operations which provided an update on the Council decision relating to the Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023 and sought an alteration of that decision.

The report recommended:-
that the Committee -

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18 December 2024

- (a) note that the overall outcome for the city centre intended by the Council decision of 11 October 2024 may not be capable of being achieved in the precise way set out in that decision;
- (b) agree to approve the making of The Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) Experimental Order 2023 as a permanent Order, with continued monitoring in terms of the ongoing City Centre Masterplan; and instruct the Chief Officer - Operations to implement the procedure for the Order to be made permanent;
- (c) instruct the Chief Officer - Operations to commence a statutory consultation on potential removal of the ban on right turns from Union Terrace onto Rosemount Viaduct;
- (d) instruct the Chief Officer - Operations, should there be no objections received during the statutory consultation period, to make an appropriate Traffic Regulation Order giving effect to the removal of the ban on right turns from Union Terrace onto Rosemount Viaduct or to report back to the Net Zero, Environment and Transport Committee if objections are received during the statutory consultation period; and
- (e) agree that the costs of undertaking the physical works to remove the prohibition on the ground, if required and estimated to be approximately £3,000, will be funded from the General Fund Capital Programme contingency budget in 2024/25.

Following an introduction to the report from officers, the Convener advised that the Committee would need to go into private session to consider legal advice.

At this juncture, the press and public were excluded from the meeting in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, so as to avoid disclosure of exempt information of the class described in paragraph 12 of Schedule 7A of the Act.

The Interim Chief Officer - Governance (Legal) advised that the legal landscape was quite complex, however he was happy to provide a summary of the legal opinion, although it would also be made available for inspection on screen for members of the Committee if they wished. Following questions on the procedure, the legal advice was then made available for inspection, which was followed by questions on the legal advice.

The press and public were then readmitted to the meeting.

Councillor Malik moved as a procedural motion, seconded by Councillor Blake:-
That the legal advice be shared in written form with all 45 Councillors.

On a division, there voted:- for the procedural motion (3) - Councillors Blake, Brooks and Malik; against the procedural motion (4) - Convener; Vice Convener; and Councillors Greig and Radley.

The Committee resolved:-
to reject the procedural motion.

URGENT BUSINESS COMMITTEE

18 December 2024

Further questions were then asked in relation to the report, which officers responded to.

The Vice Convener moved, seconded by Councillor Greig:-

That the Committee approve the recommendations contained within the report.

Councillor Malik moved as an amendment, seconded by Councillor Blake:-

That the Committee -

- (1) agree that the motion moved by the Administration at the Council meeting on 11 October 2024 would have had to meet with certain Standing Order requirements such as Standing Orders 29.3 and 29.8 relating to competency. Agreeing the recommendations from officers at Urgent Business Committee today would suggest a complete failure in governance which has led the SNP and Lib Dems to convene this meeting with officers being forced to use Standing Order 42.2 allowing for an alteration or reversal of a previous decision within 6 months;
- (2) agree that on the day of the Council meeting on 11 October 2024, legal advice was offered to Elected Members but did not address all the legal implications of the Administration's motion that was approved. Agree that given the recommendations within the report to the Urgent Business Committee, Elected Members must see all legal advice which has brought about these recommendations noting that if Aberdeen Inspired had not raised these matters and the Press and Journal had not run the story on 16 December this matter might not have come to light;
- (3) agree the Monitoring Officer must use the powers under section 5 of the Local Government and Housing Act 1989 as amended to investigate any unlawful act or any maladministration committed by the Administration and report the findings to Council as soon as possible;
- (4) agree the calling of an Urgent Business Committee meeting shows the gross incompetence of the ruling SNP and Lib Dems who are supposed to be in charge of running the Council. Either the Administration did not know what the law around the ETRO changes required or they did know and concealed it from the Council meeting. Agree they were too busy denying members a copy of the legal advice relating to Bus Gates. Agree at best the Administration is incompetent with serious questions requiring to be answered about the chaotic calamity of a Council Administration that appears to have acted unlawfully on this issue;
- (5) agree to support the many businesses who have been calling for common sense proposals from the Council and therefore instruct the Chief Officer - Operations to abandon the order; and
- (6) note that the Labour Group opinion is that politically there is zero chance of what officers are suggesting coming to fruition with regard to risk of grant funding being reclaimed. However, in the highly unlikely event of Transport Scotland reclaiming the funding from the Bus Partnership Fund, in whole or part, note the advice of the Chief Officer - Finance is that the capital grant will have to be replaced by borrowing at a cost to the General Fund Revenue Budget of up to approximately £480,000 per annum for the next 30 years,

URGENT BUSINESS COMMITTEE

18 December 2024

which will increase the budget gap in the Medium Term Financial Strategy from financial year 2025/26.

On a division, there voted:- for the motion (4) - Convener; Vice Convener; and Councillors Greig and Radley; for the amendment (3) - Councillors Blake, Brooks and Malik.

The Committee resolved:-
to adopt the motion.

In accordance with Standing Order 32.8, Councillors Blake, Brooks and Malik intimated their dissent against the foregoing decision.

- IAN YUILL, Convener.

ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 3 January 2025

MINUTE OF SPECIAL MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
NURUL HOQUE ALI
CHRISTIAN ALLARD
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
DESMOND BOUSE
RICHARD BROOKS
HAZEL CAMERON
DONNA CLARK
JOHN COOKE
NEIL COPLAND
WILLIAM CORMIE
BARNEY CROCKETT
SARAH CROSS
DEREK DAVIDSON
LEE FAIRFULL
EMMA FARQUHAR
GORDON GRAHAM
ROSS GRANT
MARTIN GREIG

DELL HENRICKSON
RYAN HOUGHTON
MICHAEL HUTCHISON
MICHAEL KUSZNIR
GRAEME LAWRENCE
SANDRA MACDONALD
NEIL MacGREGOR
ALEXANDER McLELLAN
KEN McLEOD
CIARAN McRAE
M. TAUQEER MALIK
DUNCAN MASSEY
JESSICA MENNIE
ALEX NICOLL
MIRANDA RADLEY
MRS JENNIFER STEWART
KAIRIN VAN SWEEDEN
LYNN THOMSON
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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

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Council Meeting, Friday, 3 January 2025

WRITTEN REQUEST FOR SPECIAL MEETING

1. The Council had before the wording of the written request for this special Council meeting which had been signed by 12 members in accordance with Standing Order 8.2.2:-

“The business to be transacted relates to the Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023.”

The Lord Provost advised that it was his understanding that a motion had been submitted by Councillor Brooks, however it had not yet been finalised as discussions were still taking place with officers. The Lord Provost therefore adjourned the meeting for a short period to enable further discussions to take place.

Following an extended adjournment, the Lord Provost advised that it had not been possible for the motion to be finalised and he was therefore adjourning the meeting to a later date.

Councillor Malik moved as a procedural motion, seconded by Councillor Houghton:-
That the meeting continue until 1.00pm.

On a division, there voted:-

For the procedural motion (21) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Cross, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson and Watson.

Against the procedural motion (22) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-
to reject the procedural motion.

The Lord Provost advised that the meeting was being adjourned in terms of Standing Order 40.3 and that it would be reconvened at a later date which would be confirmed in due course.

- DAVID CAMERON, Lord Provost.

ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 3 January 2025

MINUTE OF SPECIAL MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
CHRISTIAN ALLARD
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
DESMOND BOUSE
RICHARD BROOKS
HAZEL CAMERON
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BARNEY CROCKETT
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LEE FAIRFULL
EMMA FARQUHAR
GORDON GRAHAM
ROSS GRANT
MARTIN GREIG
DELL HENRICKSON

RYAN HOUGHTON
MICHAEL HUTCHISON
MICHAEL KUSZNIR
GRAEME LAWRENCE
SANDRA MACDONALD
NEIL MacGREGOR
ALEXANDER McLELLAN
KEN McLEOD
CIARAN McRAE
M. TAUQEER MALIK
DUNCAN MASSEY
JESSICA MENNIE
ALEX NICOLL
MIRANDA RADLEY
MRS JENNIFER STEWART
KAIRIN VAN SWEEDEN
LYNN THOMSON
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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Council Meeting, Friday, 3 January 2025

WRITTEN REQUEST FOR SPECIAL MEETING

1. The Council had before the wording of the written request for this special Council meeting which had been signed by 12 members in accordance with Standing Order 8.2.2:-

“The business to be transacted relates to Committee Places in terms of Standing Order 47.9.”

The Council had before it a motion by Councillor Malik in the following terms:-
That the Council:

Suspends Standing Order 42.1 (Altering Previous Decisions) to allow the Council to consider the matter today.

Notes the Liberal Democrats, despite having only 4 members, receive more places on Committees than the 5 independent members.

Agrees the following compositions:-

SNP 18/45 - 44 places
Labour 11/45 - 25 places
Conservative 7/45 - 17 places
Independent 5/45 - 10 places
Liberal Democrats 4/45 - 9 places

COMMITTEE	SNP	LABOUR	CONSERVATIVE	INDEPENDENT	LIBERAL DEMOCRATS	TOTAL
ANTI-POVERTY	4	2	1	1 (van Sweeden)	1	9
AUDIT	4	2	1	1 (Nicoll)	1	9
COMMUNITIES	4	2	2		1	9
EDUCATION	6	3	2	1 (Mrs Stewart)	1	13
FINANCE	3	2	2	1 (Nicoll)	1	9
LICENSING	3	2	2	2 (Mrs Stewart and Crockett)		9
NET ZERO	4	2	2		1	9
PENSIONS	4	2	1	2 (van Sweeden and Boulton)		9
PLANNING	4	2	1	1 (Boulton)	1	9
STAFF	4	2	2		1	9
URGENT BUSINESS	2	2	1	1 (Crockett)	1	7
IJB	2	2	0			4
Total	44	25	17	10	9	105

Councillor Malik moved as a procedural motion, seconded by Councillor Houghton:-

That the Council suspends Standing Order 42.1 (Altering Previous Decisions) to allow the Council to consider the matter today.

Council Meeting, 3 January 2025

On a division, there voted:-

For the procedural motion (19) - Councillors Blake, Bonsell, Boulton, Brooks, Crockett, Farquhar, Graham, Grant, Houghton, Kuszniir, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson and Watson.

Against the procedural motion (22) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-

- (i) to reject the procedural motion; and
- (ii) to therefore take no action as the procedural motion had been rejected, which meant the item could not be considered.

- DAVID CAMERON, Lord Provost.

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ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 16 January 2025

MINUTE OF RECONVENED SPECIAL MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
NURUL HOQUE ALI
CHRISTIAN ALLARD
ALISON ALPHONSE
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
DESMOND BOUSE
RICHARD BROOKS
HAZEL CAMERON
DONNA CLARK
JOHN COOKE
NEIL COPLAND
WILLIAM CORMIE
BARNEY CROCKETT
DEREK DAVIDSON
LEE FAIRFULL
EMMA FARQUHAR
GORDON GRAHAM
ROSS GRANT
MARTIN GREIG

DELL HENRICKSON
MICHAEL HUTCHISON
MICHAEL KUSZNIR
GRAEME LAWRENCE
SANDRA MACDONALD
NEIL MacGREGOR
ALEXANDER McLELLAN
KEN McLEOD
CIARAN McRAE
M. TAUQEER MALIK
DUNCAN MASSEY
JESSICA MENNIE
ALEX NICOLL
MIRANDA RADLEY
MRS JENNIFER STEWART
KAIRIN VAN SWEEDEN
LYNN THOMSON
DEENA TISSERA
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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Council Meeting, Thursday, 16 January 2025

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

1. Councillor Grant advised that he had a connection in relation to the item by reason of his employment by Aberdeen Inspired, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting at this stage, however he would assess the situation as the meeting progressed.

Councillor Yuill advised that he had connections in relation to the item as a member of Cycling UK and as a member of the AA (Automobile Association), however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Brooks advised that he had a connection in relation to the item by reason of members of his family who worked for the Council in Customer Services, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

WRITTEN REQUEST FOR SPECIAL MEETING

2. With reference to the minute of the special meeting of Council of 3 January 2025, the Council had before the wording of the written request for this special Council meeting which had been signed by 12 members in accordance with Standing Order 8.2.2:-

“The business to be transacted relates to the Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023.”

During the course of questions to officers and responses being provided, Councillor Hutchison advised that he had a connection in relation to the item as an owner-occupier of a property in the city centre, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

The Lord Provost advised that the meeting would need to go into private session to deal with questions relating to the legal advice.

Councillor Grant advised that he was changing the transparency statement he had made at the outset of the meeting, regarding his employment by Aberdeen Inspired, to a declaration of interest and withdrew for the remainder of the meeting.

At this juncture, the press and public were excluded from the meeting in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, so as to avoid disclosure of exempt information of the class described in paragraph 12 of Schedule 7A of the Act.

Council Meeting, Thursday, 16 January 2025

The Interim Chief Officer - Governance (Legal) responded to various questions regarding the legal advice which had been made available for inspection by members the previous day.

The press and public were then readmitted to the meeting.

Councillor Brooks moved, seconded by Councillor Nicoll:-

That Council

1. Agree the Urgent Business Committee on 18th December 2024 was not the SNP/Lib Dem coalition's finest moment since taking over the Administration in May 2022.
2. Agree the decision to deny a written copy of the legal advice to elected members is believed to be likely to be in breach of elected members' common law rights and rights given to Councillors under the Standing Orders of the Council.
3. Agree the report to the Net Zero, Environment and Transport Committee on 11th June 2024 stated, "The Order is experimental to allow the Council to modify or vary the scheme at short notice once in force, should circumstances require" which caused confusion for Councillors over the statutory regime applicable to ETROs.
4. Agree the Council has tried to deny elected members the legal advice which some members believe they are entitled to on this matter at every stage of this process.
5. Agree the Council, as seen in the FOI emails reported publicly on 10th December 2024, indicated a perception of bias in making the ETRO (experimental bus gates) permanent, before consultation or considerations of objections; Believes there is a high risk that any Judicial Review on this would find that the Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023 was flawed in its implementation and that the Council potentially acted unlawfully in its decision-making on 11th June, 16th July, 11th October, and 18th December 2024.
6. Notes that one administration councillor said she abstained [at the October 2024 full council on ETRO] because, [quote] "I had a lot of discussions with my constituents. They told me they were getting confused coming into the city centre."
7. Notes, The Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023 must meet the requirements of The Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999 and instructs the Chief Executive to write to the Cabinet Secretary for Transport and the Cabinet Secretary for Economy and Gaelic asking them to consider the implications and impact of the scheme and how it has disenfranchised business and citizens of Aberdeen offering very little, if any, benefit to them.

Councillor Allard moved as an amendment:-

That Council welcomes this Council's continued commitment to City Centre regeneration and:-

1. Welcomes the latest independent data from HUQ Signals showing that footfall in Aberdeen City Centre grew by 3.6% in 2024, in comparison to

Council Meeting, Thursday, 16 January 2025

- 2023, and Aberdeen continues to outperform the Scottish and UK national averages.
2. Notes the ongoing city centre regeneration projects underway at Union Street Central and the Aberdeen Market site funded by Aberdeen City Council and the UK Government.
 3. Welcomes that more than 6,000 people enjoyed the Council's commissioned festive night buses which provided free travel across 10 routes, every Friday and Saturday night between 16th November 2024 and 5th January 2025, as well as the 2024 Hogmanay service that carried the most people on any single day of operation with 841 passengers, all funded through Bus Lane Enforcement surplus monies to help people to get home safely for free over the festive period.
 4. Welcomes the continuing success of the Union Street Empty Shops Action Plan which has helped lower the number of vacant ground floor properties on Union Street and, bolstered by the additional capital funding approved at the March 2024 Council Budget meeting, encouraged additional economic benefit for the city centre.
 5. Welcomes the work of the Council's cleansing team in keeping our city centre tidy, and welcomes the recent grant received from Keep Britain Tidy's Chewing Gum Task force which contributed towards additional cleaning and signage.
 6. Welcomes the Union Street Conservation Area Regeneration Scheme (CARS) which has seen investment in the improvement and maintenance of historic buildings on Union Street; the Council's successful application to the first phase of the Heritage and Place Programme being run by Historic Environment Scotland and the Heritage Lottery Fund; and the Council's additional capital investment through the Aberdeen City Heritage Trust for Building Repair Grants around Union Street West.
 7. Recognises the excellent partnership working between the Council and Aberdeen Inspired, Our Union Street, Port of Aberdeen, and others, in bringing to the city Spectra, Festival of the Sea, Nuart, Iconic Bricks Dinosaur Trail, International Exhibitions at the Art Gallery (such as Wildlife Photographer of the Year and currently Artist Textiles: Picasso to Warhol), and Christmas in the City, including Christmas Parade, Aberdeen Christmas Village, Curated in the Quad Christmas Market, and festive lighting in Union Terrace Gardens.
 8. Welcomes the excellent events coming in 2025 - Spectra, Highland Games, the Festival of the Sea and The Tall Ships Races, as well as on-going support to Aberdeen Performing Arts, P&J Live and Visit Aberdeenshire in attracting international events, conferences and visitors to the City.

Prior to Councillor Allard's amendment being seconded, Councillor Malik moved as a procedural motion, seconded by Councillor Tissera:-

That Standing Order 36.9 be suspended in order that Councillor Allard's amendment be ruled incompetent as it was not relevant.

On a division, there voted:-

Council Meeting, Thursday, 16 January 2025

For the procedural motion (17) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Farquhar, Graham, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

Absent from the division (3) - Councillors Crockett, Grant and Kuszniir.

The Council resolved:-
to reject the procedural motion.

The Depute Provost then seconded Councillor Allard's amendment.

Councillor Malik moved as an amendment:-

That Council agrees Councillor Brooks' motion and adds the following:

1. Notes the 1 hour long "external legal advice" viewing given by officers on 15th January offered little time to digest and understand the full implications of the complex matter in front of us today (16th January), despite the Council having received this advice on 9th January; and
2. Considers that there are obviously differing legal opinions from interested parties and as such it would be no surprise if a Judicial Review is forthcoming.

Prior to Councillor Malik's amendment being seconded, Councillor Brooks advised that he was willing to incorporate it within his motion and this was accepted.

Councillor Malik moved as a procedural motion, seconded by Councillor Watson:-
That the vote on this item be conducted by roll call.

On a division, there voted:-

For the procedural motion (17) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Farquhar, Graham, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

Against the procedural motion (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

Absent from the division (3) - Councillors Crockett, Grant and Kuszniir.

The Council resolved:-
to reject the procedural motion.

The Council then divided on the substantive item.

Council Meeting, Thursday, 16 January 2025

On a division, there voted:-

For the motion (17) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Farquhar, Graham, Lawrence, Macdonald, McLeod, Malik, Massey, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

For the amendment by Councillor Allard (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

Absent from the division (3) - Councillors Crockett, Grant and Kuszniir.

The Council resolved:-

to adopt the amendment by Councillor Allard.

- **DAVID CAMERON, Lord Provost.**

ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 16 January 2025

MINUTE OF SPECIAL MEETING OF ABERDEEN CITY COUNCIL

Sederunt:

Lord Provost David Cameron, Chairperson;
Depute Provost Steve Delaney; and

COUNCILLORS

GILLIAN AL-SAMARAI
NURUL HOQUE ALI
CHRISTIAN ALLARD
ALISON ALPHONSE
KATE BLAKE
JENNIFER BONSELL
MARIE BOULTON
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KAIRIN VAN SWEEDEN
LYNN THOMSON
DEENA TISSERA
SIMON WATSON
and
IAN YUILL

Lord Provost David Cameron, in the Chair.

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Council Meeting, Thursday, 16 January 2025

DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS

1. Councillor Yuill advised that he had connections in relation to the item as a member of Cycling UK and as a member of the AA (Automobile Association), however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

Councillor Grant advised that he had a connection in relation to the item by reason of his employment by Aberdeen Inspired, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting.

WRITTEN REQUEST FOR SPECIAL MEETING

2. The Council had before the wording of the written request for this special Council meeting which had been signed by 12 members in accordance with Standing Order 8.2.2:-

“The business to be transacted relates to the Aberdeen City Council (City Centre, Aberdeen) (Traffic Management) (Experimental) Order 2023.”

Councillor Brooks moved, seconded by Councillor Farquhar:-

That Council:-

1. Notes the decision of the reconvened Council meeting called by members at 10:30am on 16th January 2025;
2. Agrees that all of the information to make a robust decision at the Net Zero, Environment and Transport Committee on 11th June 2024 and Council on 11th October 2024 was not provided to elected members, which has resulted in the Chief Executive's public apology and the calling of numerous special meetings;
3. Agrees that Councillor Yuill as the Convener of Net Zero, Environment and Transport Committee should have been fully conversant with the ETRO situation and the obligations therein; and, shown the required leadership to avoid the numerous special meetings on this item that have resulted since 11th June 2024; and
4. Therefore, and following the public apology from the Chief Executive at the Urgent Business Committee on 18th December 2024, agrees that the council no longer has confidence in Councillor Yuill as the Convener of Net Zero, Environment and Transport Committee.

Councillor Malik moved as an amendment:-

That Council agree Councillor Brooks' motion and add in the following:-

1. Agrees that this matter is so serious that it resulted in the Chief Executive publicly apologising; and
2. Agrees that the circumstances leading to the chaotic workings of the Council on this matter should be referred to the Audit, Risk and Scrutiny Committee for a full audit.

Prior to Councillor Malik's amendment being seconded, Councillor Brooks advised that he was willing to incorporate it within his motion and this was accepted.

Council Meeting, Thursday, 16 January 2025

Councillor Allard moved as an amendment, seconded by the Depute Provost:-
That the Council take no action.

On a division, there voted:-

For the motion (18) - Councillors Ali, Blake, Bonsell, Boulton, Brooks, Crockett, Farquhar, Graham, Grant, Lawrence, Macdonald, McLeod, Malik, Nicoll, Mrs Stewart, Thomson, Tissera and Watson.

For the amendment by Councillor Allard (23) - Lord Provost; Depute Provost; and Councillors Al-Samarai, Allard, Alphonse, Bouse, Hazel Cameron, Clark, Cooke, Copland, Cormie, Davidson, Fairfull, Greig, Henrickson, Hutchison, MacGregor, McLellan, McRae, Mennie, Radley, van Sweeden and Yuill.

The Council resolved:-

to adopt the amendment.

- **DAVID CAMERON, Lord Provost.**

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REFERRAL FROM COMMUNITIES, HOUSING AND PUBLIC PROTECTION COMMITTEE – 21 NOVEMBER 2024

The Committee had before it a report by the Executive Director – Families & Communities, which advised that officers were instructed to present a detailed phased Implementation Plan reflecting plans for internal zoning of the Central Library and testing of the Library and Information Service as an integral part of the emerging model.

The report recommended:-

that the Committee –

- (a) endorse the Fairer Futures Implementation Plan available in Appendix A;
- (b) note the Job Profile for the Fairer Futures Partnership Lead post in Appendix B;
- (c) endorse the aligned Future Libraries Plan in Appendix C;
- (d) **recommend to Council the establishment of an Elected Member Working Group for the target locality(ies);** and
- (e) instruct the Executive Director Families and Communities to report back on progress within one calendar year and make any reports presented to the Education and Children's Services Committee available to members of Communities, Housing and Public Protection through a Service Update.

The Convener moved, seconded by the Vice Convener:-

That the recommendations be approved.

Councillor Graham, seconded by Councillor Tissera, moved as an amendment:-

That the Committee -

- 1. Notes the report;
- 2. Agrees the SNP has no credibility when it comes to libraries, noting the unnecessary closing of 6 of our beloved libraries across Aberdeen;
- 3. Agrees the establishment of an Elected Member Working Group for the target locality(ies) is unworkable due to the intrigant position adopted by the SNP when it comes to library provision within Aberdeen.

On a division, there voted – for the motion (5) – the Convener, the Vice Convener and Councillors Davidson, Greig and McLellan – for the amendment (3) – Councillors Cross, Graham and Tissera.

The Committee resolved:-

to adopt the motion.

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	A	B	C	D	E	F	G	H	I
1	COUNCIL BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Council 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	Director	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
3	5th February 2025								
4	Treasury Management Policy	To outline the Council's Treasury Management Policy for 2025/26 to 2027/28 for approval.	A report is on the agenda	Neil Stewart	Finance	Corporate Services	5 and 6		
5	Reinforced Autoclaved Aerated Concrete (RAAC) - Compulsory Purchase	At its meeting of 21 August 2024, the Council instructed the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Governance to bring back a report to Council in late 2024/early 2025 on options available to the Council to compulsorily acquire private properties to assist the delivery of the agreed option where required.	A report is on the agenda	Stephen Booth	Corporate Landlord	Families and Communities	21		
6	Accounts Commission Findings - s102 Report Council Tax Refunds - A Significant Fraud	To seek Council approval to accept the Accounts Commission findings relating to the significant fraud perpetrated against the Council.	A report is on the agenda	Jonathan Belford	Finance	Corporate Services	21		
7	Collaboration for Health Equity in Scotland: MoU	Following a competitive process, Aberdeen City Council has been selected as one of three local areas to work in partnership with Public Health Scotland (PHS) and University College London (UCL) (Institute of Health Equity) for two years through the "Collaboration for Health Equity in Scotland". This Memorandum of Understanding between ACC, NHSG, PHs and UCL sets out the aims and objectives of the work programme and the approach to collaborative working.		Martin Murchie	Data Insights	Corporate Services	Introduction 6	R	This matter is being dealt with under delegated authority, a report is no longer required.
8	Governance Review of Trusts - 2024 Update	At its meeting of 13 December 2023, the Council instructed the Chief Officer - Governance to, as appropriate to bring a report to Council and/or provide a service update to elected members no later than December 2024 on future activity in relation to trusts to which the Council is connected.	Carried forward from December Council meeting	Steven Inglis and Helen Fothergill	Governance and City Development and Regeneration	Corporate Services and City Regeneration & Environment	21		

[illegible]

	A	B	C	D	E	F	G	H	I
	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Director	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
2									
17	Scheme of Governance	At its meeting of 21 August 2024, the Council approved Appendix C, Committee Terms of Reference, with effect from 26 August 2024, and noted that a further review would be reported to Council in February 2025 following consideration of committee structures by the Governance Reference Group. In addition, the Council instructed the Interim Chief Officer - Governance to undertake a comparison of scrutiny models available, to report on these to the Governance Reference Group, including the Convener of the Audit, Risk and Scrutiny Committee, and to make recommendations for enhanced scrutiny within the report on Committee Terms of Reference to be presented to Council in February 2025.	At the Council meeting on 11 December 2024, it was agreed that this item would be delayed to the April 2025 meeting when the rest of the Scheme of Governance Review would be reported.	Vikki Cuthbert	Governance	Corporate Services	7 and 21		
18	2nd July 2025								
19	Treasury Management Strategy - Year-end Review	To update the Council on Treasury Management activities undertaken during financial year 2024/25.		Neil Stewart	Finance	Corporate Services	5 and 6		
20	20th August 2025								
21	Council Diary 2026	To approve the Council diary for 2026.		Martyn Orchard	Governance	Corporate Services	18		
22	Performance Management Framework 2025/26 Update	To present a revised Performance Management Framework reflecting the Local Outcome Improvement Plan and the Council's commissioning intentions, as set out within the Council Delivery Plan 2025/26.		Alex Paterson	Data Insights	Corporate Services	24.12		
23	1st October 2025								
24	Council Delivery Plan, Annual Review Report	To present the Council with an annual review report which highlights progress with respect to the Council Delivery Plan previously approved by Council.		Martin Murchie	Data Insights	Corporate Services	13		
25	North East Population Health Alliance - End of Year Two Progress Report	At its meeting of 11 December 2024, the Council instructed a progress report on the second year of the operation of the strategic partnership agreement.		Martin Murchie	Data Insights	Corporate Services	21		

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	A	B	C	D	E	F	G	H	I
	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Director	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
2									
33	Revised Council Climate Change Plan	At the Council meeting on 3 March 2021, the Council, amongst other things, instructed the Chief Operating Officer to report back to Full Council with a revised 5 year plan in 2025, or earlier if required.	The next update on the plan was due to be March 2025, however Environmental Standards Scotland are due to publish their new Framework for Local Authorities Climate Change Plans in March 2025 once the work of the new Climate Intelligence Unit is completed. While work can be done in advance of the March 2025 date, it is likely that the reporting will have to be done some time in Q3 2025.	David Dunne	Strategic Place Planning	City Regeneration & Environment	21		
34	Energy Transition Zone - Land Options	At its meeting of 11 September 2023, the Council instructed the Chief Officer - Corporate Landlord to report the outcome of discussions regarding St Fittick's OP56 and Doonies OP61 sites to the earliest appropriate meeting of Full Council.		Stephen Booth	Corporate Landlord	Families and Communities	21		
35	Drug-checking Pilot	At its meeting of 3 November 2023, the Council approved a notice of motion by Councillor Cooke which instructed the Chief Officer - Health and Social Care Partnership to report back with the results of the Glasgow pilot scheme and collate any available peer reviewed data following 12 months of operation of the facility to inform Council of the progress and set out options for Aberdeen.	The Glasgow pilot scheme has newly commenced operating. A report following 12 months of operation of the facility will likely be presented to Full Council in early 2026.	Fiona Mitchelhill	Aberdeen Health and Social Care Partnership	Aberdeen Health and Social Care Partnership	21		

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	11 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Committee Places
REPORT NUMBER	CORS/24/353
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Vikki Cuthbert
REPORT AUTHOR	Martyn Orchard
TERMS OF REFERENCE	7

1. PURPOSE OF REPORT

- 1.1 To consider the allocation of committee places following the resignation of Councillor Nicoll from the SNP group and the Partnership.

2. RECOMMENDATION

That the Council:-

- 2.1 confirm the membership number for each of the Council's committees (as set out in paragraph 3.2) and set the composition for each committee, in terms of Standing Order 47.9.

3. CURRENT SITUATION

Committee Places

- 3.1 In October 2024, Councillor Nicoll resigned from the SNP group and confirmed that he would be an independent Councillor. Consequently, the committee places Councillor Nicoll previously had as a Councillor within the Partnership reverted to the Partnership.
- 3.2 The current allocation of committee places, as agreed by Council on 8 February 2024, is below. Council should determine if changes are now required in respect of the total membership number for each committee and the composition of each committee.

Committee	Partnership	Labour	Conservative	Independent (x4)	Total
Anti-Poverty and Inequality	5	2	2	0	9

Committee	Partnership	Labour	Conservative	Independent (x4)	Total
Audit, Risk and Scrutiny	5	2	2	0	9
Communities, Housing and Public Protection	5	2	1	1	9
Education and Children's Services	8	2	2	1	13
Finance and Resources	5	2	2	0	9
Licensing Committee	5	2	1	1	9
Net Zero, Environment and Transport	5	2	1	1	9
Pensions	5	2	1	1	9
Planning Development Management	5	2	1	1	9
Staff Governance	5	2	1	1	9
Urgent Business	4	2	1	0	7
Integration Joint Board	3 (plus 2 subs)	1 (plus 1 sub)	0 (plus 1 sub)	0	4 (plus 4 subs)
Total:	60 (plus 2 subs)	23 (plus 1 sub)	15 (plus 1 sub)	7	105 (plus 4 subs)

3.3 The Council has traditionally followed the principles of section 15 of the Local Government and Housing Act 1989 when allocating committee places. The principles of section 15 of the 1989 Act are:-

- (a) not all the seats on the body are to be allocated to the same political group;
- (b) the majority of the seats on the body are to be allocated to the group having a majority of seats on the Council; and
- (c) subject to paragraphs (a) and (b) above, the number of seats on ordinary committees which are allocated to each group bears the same proportion to the total number of seats on those committees as the number of seats held by the group on the Council does to the whole membership of the Council.

3.4 This section is not in force in Scotland. However, the Council has sought to give effect to the principles through Standing Order 47.9 which states that "*The*

Council will set the membership for each Committee and in doing so should have regard to the political composition of the Council”.

3.5 The membership of the Council is currently:-

Conservative	7 members
Independent	5 members
Labour	11 members
Liberal Democrat	4 members
SNP	18 members

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

5.1 As noted above, section 15 of the Local Government and Housing Act 1989 is not in force in Scotland. However, the Council has sought to give effect to the relevant principles through Standing Orders.

6. ENVIRONMENTAL IMPLICATIONS

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

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	N/A	N/A	N/A
Compliance	Council must comply with	The recommendations comply with the Scheme of Governance	L	Yes

	the Scheme of Governance			
Operational	No significant risks identified	N/A	N/A	N/A
Financial	No significant risks identified	N/A	N/A	N/A
Reputational	No significant risks identified	N/A	N/A	N/A
Environment / Climate	No significant risks identified	N/A	N/A	N/A

8. OUTCOMES

The proposals in this report have no impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Vikki Cuthbert, Interim Chief Officer - Governance (Assurance) on 15 November 2024.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

None

11. APPENDICES

None

12. REPORT AUTHOR CONTACT DETAILS

Name	Martyn Orchard
Title	Committee Lead

Email Address	morchard@aberdeencity.gov.uk
Tel	01224 067598

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	11 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	North East Scotland Investment Zone
REPORT NUMBER	CR&E/24/355
EXECUTIVE DIRECTOR	Gale Beattie
CHIEF OFFICER	Julie Wood
REPORT AUTHOR	Stuart Bews
TERMS OF REFERENCE	12 and 21

1. PURPOSE OF REPORT

- 1.1 To update Council on the allocation of Investment Zone status to the North East of Scotland (Aberdeen City and Aberdeenshire Council administrative areas) and progression through the Gateway Process, seeking approval of a proposed governance structure.

2. RECOMMENDATIONS

That Council:-

- 2.1 Agree to Establish a Joint Committee in terms of sections 56 and 57 of the Local Government (Scotland) Act 1973 with Aberdeenshire Council, to be known as the North East Scotland Investment Zone Joint Committee and to be effective following submission of Gateway 4 (February 2025).
- 2.2 Note the Investment Zone Steering Group endorsement for a North East Scotland Investment Zone was Option C, the Joint Committee Members being the co-signatories plus ETZ Ltd. At the Steering Group meeting Aberdeen City Council representative abstained from the vote as Council had not yet had the option to review the models.
- 2.3 Approve the Joint Committee's Terms of Reference contained within Appendix 3 to the report, which are based on Option B, the Investment Zone Co-signatories being the members of the Joint Committee.
- 2.4 Approve the Joint Committee's Standing Orders contained within Appendix 3 to the report.
- 2.5 Approve the proposed membership of the North East Scotland Investment Zone Joint Committee to be Aberdeen City Council (x3), Aberdeenshire Council (x3),

Opportunity North East, University of Aberdeen and The Robert Gordon University. This is illustrated at Option B.

- 2.6 Agree that a North East Scotland Investment Zone Programme Board should be established to support the Joint Committee and agree its Terms of Reference in Appendix 4.
- 2.7 Approve the initial proposed membership of the North East Scotland Investment Zone Programme Board as contained within Appendix 4; Aberdeen City Council, Aberdeenshire Council, Opportunity North East, University of Aberdeen, The Robert Gordon University, Scottish Enterprise and Energy Transition Zone Ltd.
- 2.8 Appoint three named members and up to three named substitute members to the North East Scotland Investment Zone Joint Committee.
- 2.9 Agree that Aberdeenshire Council will act as the Accountable Body for the Investment Zone as they have done for the City Region Deal.

3. CURRENT SITUATION

- 3.1 Council instructed in October 2023 the Chief Officer - City Growth to “report back to Council on the developed proposals, City Council commitments e.g. financial or resource and future governance proposals for final approval”. This report provides an update on progress across those areas as work is ongoing to further develop the proposals following the re-commitment to the Investment Zone policy from the UK Government on 30th October. The report also stated that Council approval would be sought prior to submission of Gateway 3 (Governance) and Gateway 4 (Interventions). This report covers Gateway 3, and a further report will be brought before Council for approval prior to Gateway 4. The report in October 2023 also stated that a short term Investment Zone Steering Group and Working Group would be established until the Regional Economic Partnership was established. As the Regional Economic Partnership is now formed and chaired by Sir Ian Wood on behalf of Opportunity North East since February 2024, it is timely to establish a more permanent Investment Zone Governance structure as set out within this report.
- 3.2 The [Investment Zones in Scotland Technical Document](#) was published on 8 December 2023 and largely mirrors the key objectives of the [Investment Zone Policy Prospectus](#) published in March 2023. The Scottish Policy is founded on long-term partnership and collaboration, ensuring co-development between Scottish Government, UK Government and regional partners.
- 3.3 This has led to the development of 3 core principles for engagement between the Scottish and UK Governments:
 - Partnership – Scottish and UK Governments will play a joint role in co-design, decision-making and overseeing delivery of Investment Zones

- Parity – The offer in Scotland is on equivalent value to the offer in England

- Strategic Fit – Investment Zones will align with Scottish and UK Government policy frameworks, be a good fit for the regional landscape, and reflect devolution settlements.

3.4 The fiscal offer to Glasgow and the North East of Scotland is similar to the offer to English Investment Zones that was expanded in the UK Government's Autumn Budget. Subject to Investment Zone proposals being agreed across all parties, each Investment Zone in Scotland will receive a total funding envelope of £160 million over 10 years and a single 5-year tax offer, that is scalable based on the number of tax sites within the Zone. The Investment Zone funding envelope comprises:

- £70 million flexible spend, split 40:60 between resource spending (RDEL) and capital spending (CDEL), to use across a portfolio of interventions based on the opportunities of each cluster; and

- £90 million tax incentives, which can cover up to 600ha across up to three sites, lasting for five years. Where places choose not to opt for the maximum tax offer of 600ha, tax incentives can be exchanged for a greater amount of spend. If a place chooses not to take up the full extent of tax reliefs available, they will have access to a larger spending envelope.

3.5 The Scottish and UK Governments are offering the following tax reliefs in designated tax sites within each Investment Zone. These will be available for 5 years and include:

- Land & Buildings Transaction Tax
- Non-Domestic Rates Relief
- Enhanced Capital Allowance
- Enhanced Structures and Buildings Allowance, and
- Employer National Insurance Contributions relief.

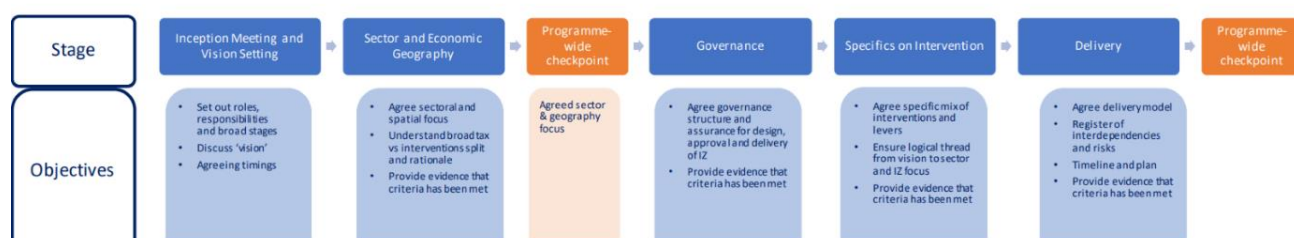
3.6 The precise costs of tax sites will vary by site, however the estimated cost of 600 hectares of tax reliefs is £90 million, to be deducted from the overall £160 million envelope available to an Investment Zone. Any tax sites must be tightly defined and located on underdeveloped land.

3.7 Investment Zone sites will be able to benefit from 100% retention of non-domestic rates growth over an agreed baseline for 25 years. In drawing up proposals for Investment Zones, there will be a need to demonstrate how non-domestic rates retention will provide for inclusive economic growth within the region, support each priority sector within the Investment Zone, and represent value for money for the Scottish and UK Governments should this be incorporated into the Investment Zone model for North East of Scotland.

- 3.8 In recognition of the variations across regional economies the governments have committed to flexibility throughout the financial elements of the policy offer to respond to evidenced regional priorities. Further, all proposals should include a degree of secured and anticipated match funding from the private sector and research institution partners.
- 3.9 The [Investment Zones in Scotland Technical Document](#) outlines the processes underpinning the establishment of an Investment Zone and provides guidance on the tax incentives, rate relief offer and capital/ revenue funding available. One Local Authority is required to undertake the role of Accountable Body.

Investment Zones in Scotland Process

- 3.10 The process proposed for developing Investment Zones in Scotland comprises 5 stages/ gateways as detailed in the diagram below:



- Stage/ Gateway 1 Vision setting – covering the overall vision for the proposal.
- Stage/Gateway 2 Sector and economic geography – agreeing a sector focus and spatial focus for the Investment Zone, understanding the broad approach to tax and flexible spend interventions, and reviewing evidence that the criteria have been met.
- Stage/Gateway 3 Governance – agreeing the governance structure and assurance processes for the design, approval, and delivery of the Investment Zone and reviewing evidence that the criteria have been met.
- Stage/Gateway 4 Interventions – agreeing the specific mix of interventions and levers to be deployed and where, ensuring a logical link from the vision to the key opportunities and challenges identified, the portfolio of interventions selected and outputs, intermediary and overall outcomes for interventions and reviewing evidence that the criteria have been met.
- Stage/Gateway 5 Delivery – agreeing the delivery model or models, including any delivery vehicles for planning interventions, register of interdependencies and risks, finalising timelines and plans, and reviewing evidence that the criteria have been met.

Gateway 1: Vision

- 3.11 The UK and Scottish Governments approved the North East of Scotland Investment Zone Gateway 1: Vision template on 26 February 2024 following submission in October 2023. The template had previously been completed using the UK Government's Investment Zone policy and technical guidance documents and was submitted in October 2023. However, due to the changes in Scottish Investment Zone policy and process the Governments instructed that Gateway 1 be revised to account for the changes. The revised Gateway 1 template was submitted to the Governments in January 2024 and was approved on 26 February 2024.
- 3.12 The Gateway 1 template outlines the vision for the North East of Scotland Investment Zone and highlights that our focus will be on 2 key sectors- Green Energy and Digital and Tech. In addition, the template also outlines initial thinking around the location of Tax sites, the introduction of non-domestic rates relief and retention schemes as well as the important role that further and higher education institutions within the region will play in delivering an Investment Zone that will fulfill the aims and objectives of the Policy. A copy of the approved Gateway 1: Vision template is included within Appendix 1.

Gateway 2: Sector and Geography

- 3.13 The Gateway 2: Sectors and Geography template was submitted to Government on 10 May 2024 and forms Appendix 2 to this report. Gateway 2 provides a detailed analysis of how focus on the Green Energy and Digital and Tech sectors will accelerate investment, growth and high value job creation across the region and deliver the key outcomes of the Investment Zone policy. As such, the North East of Scotland Investment Zone boundary is defined by the administrative boundaries of Aberdeenshire and Aberdeen City. This is in part due to the geographic spread of businesses engaged in the Green Energy and Digital and Tech sectors of the regional economy but also to ensure equity of opportunity for businesses engaged in these sectors to benefit from the available funding.
- 3.14 Despite there being an allowance for up to 3 x 200ha of tax site allocations within Investment Zones there is not sufficient areas of contiguous underdeveloped land within the region that meets the criteria for Tax Site allocation. As such, 2 x 200ha Tax Sites are proposed within the Investment Zone. One in Peterhead and the other located at the Energy Transition Zone in Aberdeen City. The locations of both Tax Sites are detailed in Appendix 2.
- 3.15 Following the announcement of the UK General Election on 22 May 2024, the UK Government confirmed that no formal feedback on Investment Zone submissions would be provided during the pre-election period and that formal communication with Civil Servants would be suspended until after the election. However, informal feedback would be provided where additional information was required to enable Government to evaluate the Gateway 2 submission.
- 3.16 Informal feedback has been received from the Governments requesting further information as to how the Energy Transition Zone area of Aberdeen City meets the underdeveloped criteria of the Investment Zone policy while a

request for information on the constraints impacting investment in Green Energy supply chain development in Peterhead and the surrounding area was received. A further information request was received prior to the General Election relating to how the Digital and Tech and Green Energy sectors would complement each other as a strategic focus of the Investment Zone to deliver the policy outcomes.

- 3.17 Detailed responses to the information requests were submitted to Government on 2 July 2024. Discussions are continuing with the Governments as to how the proposed tax sites meet the criteria for formal designation. However, following the change in UK Government, Ministerial approval to recommence formal communication and engagement with Civil Servants on the development of Investment Zones in Scotland and Wales has only recently been provided. A revised Gateway 2 template will be submitted to Government for approval. This will trigger the submission of Gateway 3: Governance.

Gateway 3: Governance

- 3.18 Work has commenced on the completion of Gateway 3: Governance. A Governance Workstream has been established involving the Council's External Partnerships Service Manager with support from colleagues in legal. Group membership also comprises the Universities, Aberdeenshire Council, Scottish Enterprise and representatives of ONE and ETZ Ltd. Different governance and operating models for the Investment Zone have been identified through mapping the key functions and operational activities that the Investment Zone governance body will undertake and appraising them against the policy criteria. This has been converted into an options appraisal by the Governance Workstream and reported to the Investment Zone Steering Group who endorsed the recommendation to incept a new Joint Committee to effectively govern the North East Scotland Investment Zone. In line with the approach taken in City Region Deal, it is considered appropriate that a programme board for the Investment Zone should also be established to ensure further scrutiny and monitoring of progress. The Governance group have developed a set of proposals which provide terms of reference and proposed composition for both a Joint Committee (Appendix 3) and Programme Board (Appendix 4)

- 3.19 The work undertaken to identify different governance options has evidenced that there are significant similarities between the governance, scrutiny, assurance and fiscal requirements of the Scottish and UK Governments' City and Growth Deal, and Investment Zone policies. Taking account of the evidence collated and having researched the governance models utilised by the existing Investment Zones in England the options available were appraised and a summary of the appraisal is shown below
- 3.20 Aberdeenshire Council is the accountable authority for the Aberdeen City Region Deal and the fiscal decision-making responsibilities are discharged by the Joint Committee for the Aberdeen City Region Deal. The Joint Committee is a reflection of the Regional Economic Partnership with voting rights afforded to both Aberdeenshire and Aberdeen City Councils and Opportunity North East.
- 3.21 As the Aberdeen City Region Deal has matured the requirements of Government have changed placing additional responsibilities on the accountable authority to provide assurance that all of the interventions delivered by Aberdeen City Region Deal funding have complied in full with the requirements of the Deal. This also includes all the interventions delivered by private sector partners, including ONE and Net Zero Technology Centre. The recent audit of the Aberdeen City Region Deal highlighted areas where governance procedures could be strengthened. An action plan to address the concerns raised by the audit has been developed and is being implemented. The learnings from that process will be used to ensure strong governance surrounds the Investment Zone and officers from Aberdeen City Council continue to engage with the Chief Internal Auditor to ensure that Governance models proposed for Investment Zone are robust and effective.

Governing options – appraisal summary

Following the identification of the long list of options and the selection of appraisal criteria, the Governance Group appraised each [option](#) and we have summarised high risk flags for discounting an option and identifying a preferred governance option.

Outline Option	Criteria A - Facilitate IZ Objectives	Criteria B - Efficient to setup and run	Criteria C - Accountable body role fulfilled	Criteria D - Liabilities and Conflicts	Criteria E - Collective Decision-making	Criteria F - Understood by external stakeholders	High Risk Flags For Discussion	Proceed as a viable option?
Option 1: Extending existing ACRD Joint Committee to include IZ	x	~	✓	~	✓	✓	A - The IZ and ACRD objectives are not sufficiently delineated. A - The existing ACRD delivery timeline does not align with the IZ. A - Decisions must be made in the context of the existing governance processes. B - The breadth of existing and new delivery objectives may lead to inefficiencies and complexity. D - Conflicts across ACRD Partners complex to manage	No
Option 2: New Joint Committee inceptioned for the NESIZ	✓	✓	✓	✓	✓	✓	The option does not fail any of the viability tests, but detailed design must take place to ensure that the final model continues to meet all the criteria.	Yes
Option 3: Advisory Group endorsing decisions for approval at ACRD Joint Committee	x	~	✓	~	✓	✓	A - The IZ and ACRD objectives are not sufficiently delineated, or relevant to all ACRD Partners. B - ACRD already has a significant agenda and workload to cover against existing pipeline. B - Potential conflicts and efficiencies between the role of a NESIZ Advisory Group and ACRD Programme Board. D - Conflicts management across ACRD Partners complex.	No
Option 4: Evolving the REP to deliver NESIZ powers and decision-making	✓	~	x	~	✓	~	B - The REP is emergent, and there is a risk it will not have clear accountable functions by 1 st April. C - Current setup of REP does not allow S95 officer responsibilities to be enacted or understood. D - Conflicts management across Partners would require definition. D - The option does not clearly allow for public sector decision making and the ability for the public pound to used in transparent manner.	No
Option 5: Establishing a newly formed company or special purpose vehicle (NewCo/SPV)	✓	x	~	~	✓	~	B - The option involves more significant incorporation requirements, including additional commercial and administrative responsibilities. C - S95 officer responsibilities remain unclear in this model. D - Liabilities would require detailed consideration and potential commitments. F - Transparency and familiarity less well understood by wider stakeholders.	No

3.22 Further work is required to identify the resource implications of a Programme Management function. In Aberdeen City Region Deal this function is undertaken by officers from both Aberdeen City and Aberdeenshire Council. From the information available and recognising that Investment Zone funding is public sector finance, Officers recommend that a new Joint Committee comprising Aberdeenshire and Aberdeen City Council Councillors, Private Sector Partners and Higher Education Institutions is formed and supported by a Programme Board comprising public and private sector regional economic partners to oversee the operation and governance of the Investment Zone (Option 5). To provide assurance to Aberdeenshire Council as accountable authority that the Investment Zone will operate in full alignment with the Investment Zone Policy, the processes underpinning operation and decision making responsibility will require to be designed in full cognisance of the findings of the Aberdeen City Region Deal Audit.

3.23 Following the preference of Investment Zone Steering Group to establish a new Joint Committee, consideration was given to the composition of this Joint Committee, and the supporting Programme Board. Three options were identified as shown in the table below. Options B and C were the preferred options of Investment Zone Governance Group partners. The Investment Zone Steering Group endorsement was given to option C.

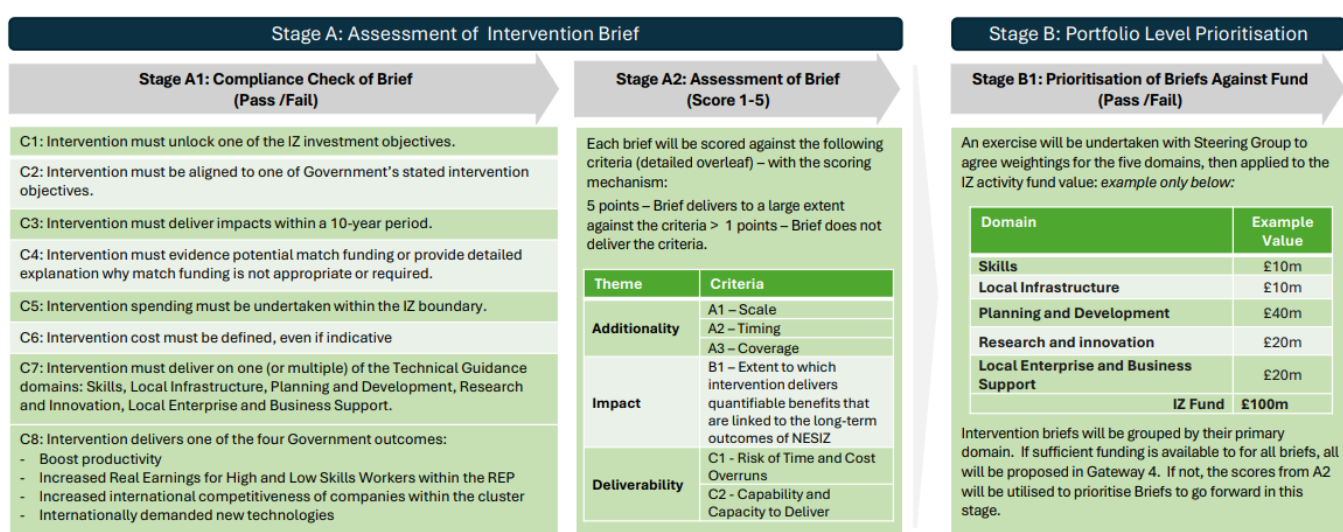
	Option A – Council led JC	Option B – IZ signatories led JC	Option C – IZ Signatories PLUS ETZ Ltd
Level 1 - Joint Committee	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Elected Members x 3 Aberdeen City Council - Elected Members x 3 	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Elected Members x 3 Aberdeen City Council - Elected Members x 3 ONE x 1 RGU x 1 University of Aberdeen x 1 	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Elected Members x 4 Aberdeen City Council - Elected Members x 4 ONE x 1 RGU x 1 University of Aberdeen x 1 ETZ Ltd x 1
Level 2 – Programme Board	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Council Officers Aberdeen City Council – Council Officers ONE RGU University of Aberdeen ETZ Ltd Scottish Enterprise 	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Council Officers, inc. S95 Officer Aberdeen City Council – Council Officers ONE RGU University of Aberdeen ETZ Ltd Scottish Enterprise 	<ul style="list-style-type: none"> Aberdeenshire Council (Accountable Body) – Council Officers, inc. S95 Officer Aberdeen City Council – Council Officers ONE RGU University of Aberdeen ETZ Ltd Scottish Enterprise

Gateway 4: Interventions

3.23 As well as work commencing on Gateway 3: Governance, work is also underway to identify interventions required by Gateway 4. This work package entails identifying interventions that will address the identified constraints and barriers to investment, sector growth and high value job creation in the Green Energy and Digital and Tech sectors.

3.24 The Sector and Geography and Tax Site workstream leads have developed an outline business case proforma using the logic model within the Investment Zones in Scotland Technical Document. To be considered a valid intervention submission each outline business case must demonstrate full compliance with eligibility criteria identified within the Investment Zone logic model. For the avoidance of doubt, this includes the requisite costings for delivery of the intervention and availability of match funding. Match funding is set at 60% by the Investment Zones in Scotland Technical Document. As such for every £1 of Investment Zone flexible funding there must be £0.60 match funding.

- 3.25 The outline business case proforma was circulated to members of the Sector and Geography and Tax Site workstreams, Tax Site landowners and members of the Investment Zone Working Group for submission. 48 Intervention submissions have been received with a total value of £956M (£282.3M Investment Zone funding and £673.7M match funding).
- 3.27 The funding allocated to Tax Sites will be reduced proportionately from £90M to £60M resulting in an increase in flexible funding to £100M. The available funding would not be sufficient to deliver all of the proposed interventions. As such, an intervention prioritisation process has been developed alongside a conflict-of-interest protocol. The prioritisation process is detailed in the diagram below.



- 3.27 Noting that the same Regional Economic Partners are engaged in Investment Zone as well as Aberdeen City Region Deal and the delivery of the Regional Economic Strategy, it is imperative that the prioritisation process accounts for conflicts of interest. As such, it is proposed that Stage A2 of the prioritisation process is completed by Ernst & Young (EY), the NESIZ appointed consultant support.
- 3.28 Any decision on the allocation of Investment Zone funding will only be taken by the proposed Joint Committee once incepted, and following submission and review of a full business case for each proposal.

Resourcing

- 3.29 The Investment Zone funding envelope includes an allowance of 4% of the total funding envelope to be used to create capacity and cover the costs of administration of the Investment Zone. This equates to £640K for each year of the Investment Zone.
- 3.30 As the operating model and governance structure of the Investment Zone is developed the resource implications will be modelled with a view to resourcing the operation of the Investment Zone from the 4% allowance. This will be utilised by the Local Authorities to meet any resource implications arising to

ensure compliance with governance measures, including the provision of a Programme Management Office.

- 3.31 A skills and capacity audit of Investment Zone partners confirmed that there was insufficient resource or capacity within the region to complete the Gateway process. To ensure sufficient resource was in place to maintain momentum and complete the Gateway process EY were appointed as consultancy support following a public sector procurement process. The Governments confirmed that the costs of engaging consultant support to complete the Gateway process could be drawn down from the 4% allowance in Year 1.
- 3.32 In June 2024, Scottish Enterprise, who had been providing Programme Management support to the Investment Zone, withdrew their support in this capacity. EY agreed to extend their contract to provide programme management support from June through to the completion of the Gateway process.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report. Financial implications may arise as the North East of Scotland Investment Zone proposal develops with officers likely to support the programme management functions, any tax zone setup and planning proposals. However, there is provision within the 4% administration allowance of the funding envelope to create the necessary staffing capacity to recover any costs incurred.

5. LEGAL IMPLICATIONS

- 5.1 The inception of a North East Scotland Joint Committee would require to be done in accordance with the Local Government (Scotland) Act 1973.

6. ENVIRONMENTAL IMPLICATIONS

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

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) <small>*taking into account controls/control actions</small>	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Proposal does not	Proposal will align to the Regional Economic	L	Yes

	meet Council priorities	Strategy and Inward Investment Plans.		
Compliance	Proposal does not meet statutory or regulatory requirements	As part of the development of the proposal, legal implication relating to subsidy control, trade, tax and planning will be considered.	L	Yes
Operational	Conflict of interests	Conflict of interest protocol developed	L	Yes
Financial	No significant risks identified	At proposal development stage just now. Financial risks will arise at a later date with governance processes in place to mitigate	L	Yes
Reputational	Failure to agree a governance model	Options analysis on the 5 identified models to identify a recommended model	L	Yes
Environment / Climate	No significant risks identified	N/A	L	Yes

8. OUTCOMES

<u>Council Delivery Plan 2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	<p><u>A City of Opportunity</u></p> <ul style="list-style-type: none"> The focus on priority sectors such as Green Industries, Digital and Technology, Advanced Manufacturing, Creative Industries and Life Sciences will have the potential to ensure everyone has the best potential start in life, creating opportunities for employment, innovation and economic growth. <p><u>Building a Greener and Sustainable City</u></p> <ul style="list-style-type: none"> The likely emphasis on Green Industries as a priority sector aligns with the goal of promoting sustainability and environmental responsibility. The proposal will seek to attract investment that contributes to a sustainable and low-carbon future. <p><u>A Prosperous City</u></p>

	<ul style="list-style-type: none"> • The proposal aims to stimulate economic growth by supporting existing and emerging clusters, creating new jobs and attracting new investment. • The proposal will encourage collaboration between industries, research institutions, and local partners to drive prosperity in the region. <p><u>Supporting People with the Cost of Living</u></p> <ul style="list-style-type: none"> • While the direct impact on this aspect may be limited, the creation of new job opportunities and the economic growth attributed to Green Industries, could indirectly contribute to supporting people by increasing job creation and supporting the just transition away from the predominant oil and gas sector. <p><u>Empowering Aberdeen's Communities</u></p> <ul style="list-style-type: none"> • The proposals seek to ensure collaboration with local partners, research institutions and involve any regional stakeholder, this proposal development process aligns with the concept of empowering communities and engaging with them in shaping the economic future of the region.
<u>Local Outcome Improvement Plan 2016-2026</u>	
Prosperous Economy Stretch Outcomes	<p><u>No one will suffer due to poverty by 2026:</u> The focus on developing priority sectors such as Green Industries, Digital and Technology, Advanced Manufacturing, Creative Industries and Life Sciences can lead to increased economic opportunities, potentially reducing poverty by creating more jobs and boosting regional income levels for residents. The focus on potential tax sites and business rates retention zones being in underdeveloped areas will aid in this.</p> <p><u>400 unemployed Aberdeen City residents supported into Fair Work by 2026:</u> The proposals emphasis on job creation, supporting business and economic growth through targeted interventions in the priority sectors align with the goal of supporting unemployed residents into Fair Work. The focus on upskilling and reskilling could enhance employability and create pathways for fair work opportunities.</p> <p><u>500 Aberdeen City residents upskilled/ reskilled to enable them to move into, within and between economic opportunities as they arise by 2026:</u> The proposals commitment to upskilling and reskilling by investing in skills development, will equip residents with the necessary competencies to</p>

	<p>access and transition within various economic opportunities that may arise in the coming years</p>
Prosperous People Stretch Outcomes	<p><u>90% of children and young people report they feel listened to all of the time by 2026:</u></p> <p>The proposals emphasis on community engagement and collaboration, especially with educational institutions, can contribute to a more inclusive and participatory environment, where children and young people feel their voices are being heard.</p> <p><u>95% of children living in our priority neighbourhoods (Quintiles 1 & 2) will sustain a positive destination upon leaving school by 2026:</u></p> <p>The focus on creating economic growth and attracting investment, can potentially lead to increased opportunities and positive destinations for children in priority neighbourhoods, especially in the potential tax sites and business rates retention zones as these are to be in underdeveloped areas. Whilst the focus on collaborating with research institutions will support children reaching positive destinations.</p> <p><u>83.5% fewer young people (under 18) charged with an offence by 2026:</u></p> <p>The proposal's emphasis on economic growth, job creation, and skills development can contribute to reduced youth unemployment and potentially lead to lower rates of youth offending.</p> <p><u>25% fewer people receiving a first-ever Court conviction and 2% fewer people reconvicted within one year by 2026:</u></p> <p>The proposal's focus on creating economic opportunities and improving overall well-being can potentially lead to reduced social issues and, indirectly, contribute to lower rates of convictions and reconvictions. The focus on local collaboration should ensure the proposals are to the communities benefit.</p> <p><u>Healthy life expectancy (time lived in good health) is five years longer by 2026:</u></p> <p>While the proposal's primary focus is on economic growth, the potential increase in job opportunities and improved overall well-being can have positive impacts on healthy life expectancy.</p>
Prosperous Place Stretch Outcomes	<p><u>Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate:</u></p> <p>The proposals likely focus on Green Industries and on building a greener and sustainable region aligns with efforts to reduce carbon emissions, promote climate adaptation measures and support the</p>

	regions transition away from the predominant oil and gas sector.
Regional and City Strategies	The proposals are not developed enough at this time to determine the impact these will directly have on regional city strategies. However it is clear that proposals will support the key sectors as identified in the refreshed Regional Economic Strategy, especially around Green Industries. The proposal clearly states that places are expected to build on their existing local strategies for the area to develop the Investment Zone. Proposals should evidence what strategies, funding and infrastructure, is already in place and focus on how interventions will build on this to attract new investment and additional growth.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	It is confirmed by the Chief Officer - City Development and Regeneration on 15 November 2024 that no Integrated Impact Assessment is required at this stage.
Data Protection Impact Assessment	N/A
Other	N/A

10. BACKGROUND PAPERS

- 10.1 COM/23/316 North East of Scotland Investment Zone Proposal (11th October 2023)

11. APPENDICES

- 11.1 Appendix 1 – Investment Zone Gateway 1: Vision Template
Appendix 2 - Investment Zone Gateway 2: Sectors and Geography Template
Appendix 3 – North East Scotland Investment Zone Joint Committee Draft Terms of Reference and Membership Composition
Appendix 4 – North East Scotland Investment Zone Programme Board Draft Terms of Reference and Membership Composition

12. REPORT AUTHOR CONTACT DETAILS

Name	Stuart Bews
Title	Interim Service Manager – External Partnerships
Email Address	stbews@aberdeencity.gov.uk
Tel	

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North East Scotland

Investment Zones Vision Form 20 February 2024

Primary Contact Details

Name: Paul Macari

Email address: paul.macari2@aberdeenshire.gov.uk

Phone number: 01467 534408

Organisation name: Aberdeenshire Council

Secondary Contact Details

Name: Martin Barry

Email address: martin.barry@scotent.co.uk

Phone number: +44 (0)141 468 5886

Organisation name: Scottish Enterprise

Information to complete this document

This document will be used by government to understand a place's emerging thinking on their IZ proposal. You do not necessarily have to provide all the detail requested if it is still in development – at this stage we are largely interested in understanding the direction of travel and shape of your proposal before detailed discussions begin.

We have provided word counts throughout the document - in the interest of proportionality you should aim to not expand beyond these word counts.

This document has several specific sections which are briefly summarised ahead of each section, but broadly cover:

- **The Vision** - A high level and initial strategic overview of your Investment Zone proposal.
- **Tax Sites** - To understand if you intend to take forward the tax offer and if so your initial thinking on the number of tax sites and approximately what size. The tax offer is set out in the policy document and can only be used as a single package made up of 5 tax incentives. This offer can only be used as a single package made up of 5 tax incentives. An Investment Zone will offer a total funding envelope of £160m over ten years, which can be used between spending and a single five-year tax offer, scalable based on number of sites and their size.

- **Non Domestic Rates Retention** - to understand your initial thinking on whether you intend to submit a proposal for billing authorities to retain 100% of any growth in business rates over an agreed baseline for 25-years as part of your Investment Zone.
- **Planning** - a brief overview of your early thinking on the potential planning offer and how it will support the growth of the target sector/cluster.
- **Research Institutions** - proposed partner research institutions to engage in co-design and delivery of the IZ proposal. All Investment Zone proposals must be co-signed by at least one research institution.

The Vision

Please note that the information provided here is to support and guide the structured conversations that HMG and SG will be undertaking in partnership with regions selected for an Investment Zone. All information submitted at this point is considered as your initial thinking as a basis for further discussion.

We know that you will have existing economic plans, priorities and strategic investments which will inform your thinking on Investment Zones. We expect that Investment Zones will go with the grain of existing and future plans, and as such at this stage **we do not expect the production of new evidence bases or plans**. We will set out specific metrics as part of detailed criteria ahead of future gateway reviews.

WHAT VISION DO YOU HAVE FOR YOUR INVESTMENT ZONE? (1,500 words)

Outline your initial strategic pitch for your proposed Investment Zone, with reference to how it will support the stated programme objectives. Please draw on existing evidence as appropriate.

In this section, it would be helpful to set out:

- *The overall strategic pitch including the priority sector you wish to support, with reference to existing local strengths and potential for growth, and the proposed geography of the Investment Zone. Please include any early thoughts on the specific sites or areas of spatial focus / existing clustering (where known)*
- *The challenges and opportunities an Investment Zone could unlock, with reference to the programme's overall objectives.*
- *Any early thinking on interventions you intend to fund through the IZ offer, including specific tax, business rate retention and planning interventions.*
- *Your initial sense of how this vision will leverage and crowd in private sector investment, including potential companies you expect to be interested in investing in support of the vision (where known)*

North East Scotland Investment Zone Vision and Ambition 2035 Vision

North East Scotland is home to highly innovative companies, two leading Universities, and a high performing research base across its key sectors. The region is a centre for enterprise, innovation and developing world-class solutions.

North East Scotland's vision is for a regional economy that enables its people, communities, businesses and key sectors to thrive. The region will lead a just transition, diversify its economy, stimulate entrepreneurship and innovation, and deliver a wellbeing economy for its people to secure the skills and high value jobs and achieve a successful post-fossil fuel future.

“By 2035, the region’s economy will lead in the production of and transition to future energy solutions, green energy and will be diversifying through growth in key sectors, including digital technology. It will be an economy that values place, people, the natural environment, wellbeing and be innovative, entrepreneurial, and outward-looking and international.”

Innovation Cluster Ambition

Innovation will maximise the growth opportunities in its sectors of green energy and digital tech. To stimulate and leverage research, innovation, and commercialisation in its extensive academic, research and industry base, drive innovation-led entrepreneurial growth stimulating the growth of new start-ups and spinout businesses and scale up and accelerated growth of established enterprises through innovation and internationalisation to secure inward investment.

Prioritising action and investment to support the region’s innovation ambition will achieve a successful just transition for the region, create more high-growth businesses and high-value jobs in key industries, increase exports, diversify the economy, and increase productivity, and make a significant contribution to national sector targets and economic performance.

“Investment in north east Scotland’s innovation cluster will stimulate research and digital innovation and accelerate the commercialisation of new products, processes and services to generate more innovation-led high-growth enterprises and create new, high-skills jobs.”

Green Energy

The region is an established global hub for the energy industry: the operational centre for the UK oil and gas industry with world-class expertise in offshore energies, including offshore wind, and an extensive and globally active supply chain, all supported by a highly skilled workforce, higher education, and research institutes. The region’s energy sector is entrepreneurial and innovative. It is actively evolving to maximise the energy transition opportunity through developing offshore renewable solutions and driving digital transformation to maximise efficiency, productivity, and sustainability gains.

The ambition for the energy sector is to reposition the North East of Scotland to become a globally recognised renewable and low carbon energy cluster and to build on the region’s reputation for offshore energy technology development and innovation. There is an opportunity to accelerate research output to influence industry solutions and drive digital innovation to deliver transformational growth in the supply chain. This will maximise competitive advantage in the development, deployment and operation of offshore wind, hydrogen and CCUS. The resulting products and services will accelerate the deployment of offshore energies, support the growth of innovation-led high-growth businesses, deliver high-value jobs, and increase exports to global markets.

Digital Tech

The region’s digital tech cluster of 300 companies employs 4,400 people with a turnover exceeding £520 million a year. These businesses work across markets including energytech, agritech, clean tech, health tech, tech bio and sustainability. Energy tech is the dominant focus, with 42% of companies, 59% of the employees and 59% of the total sector turnover, and businesses are increasingly targeting new market opportunities in renewable energy-related fields and climate tech.

The ambition for digital tech is to accelerate research and innovation in deeptech, AI and robotics to build on the research base and accelerate start-up and spin-outs, secure investment and take new products, services and solutions to a global market, grow the

number of high-growth innovation-led businesses in the digital tech cluster and drive digital transformation within the region's growth sectors, including food and drink manufacturing, agriculture and life sciences.

Delivering Impact

The Investment Zone aligns with the region's broader economic strategy, amplifies existing action and investment in entrepreneurship, research and commercial innovation within the regions Universities and research institutes, key industries and leverages the benefits of established ecosystems, funding and investment and private and public sector economic development delivery in the region.

Regional and national government, the private sector and academic and research interests already collaborate on innovation-led economic development activity within the region. The government recognises the region's economic partnership model as an exemplar. The Regional Economic Strategy prioritises growth sectors and innovation and has helped to shape concerted action and investment in the region since 2015, including the Aberdeen City Region Deal (NZTC, ONE Biohub, ONE Seedpod, ONE Tech-hub National Decommissioning Centre, National Subsea Centre). The Deal was the first in the UK to focus on delivering industry innovation projects.

The Investment Zone will accelerate and expand the region's innovation, investment and delivery.

Tax Sites

As you complete this section, please bear in mind that tax sites must be "underdeveloped" so that the tax measures support areas with economic potential, rather than already economically successful sites. Under this broad, economic definition, empty land, brownfield land, under-utilised land with some construction and vacant premises are some examples of what might be considered "underdeveloped" so long as a good case is made. We expect areas to demonstrate a compelling economic geography when determining the most effective location of tax sites. We will be setting out more detail on these criteria in due course alongside a timeline for when we expect tax sites to be formally submitted. The government reserves the right to reject tax sites or request amendments to sites that do not meet these requirements and any further criteria it sets out [such as alignment with the Investment Zone's objectives and robust delivery plans]

TAX SITES

Will you be proposing tax sites?

Yes ☒

No ☐

If yes, how many tax sites are you proposing?
One <input type="checkbox"/> Two <input type="checkbox"/> Three <input checked="" type="checkbox"/>
What is the estimated size and location of this site/each of these sites, where known. If you already have specific locations in mind please provide maps and/or postcodes, this will be purely to inform our initial discussions.
<p>Site 1 Energy Transition Zone 288.5ha</p> <p>Site 2 Peterhead 200ha</p> <p>Site 3 tbc</p>

Non Domestic Rates Retention (NDR retention)

The accountable body will need to demonstrate how NDR retention will provide for local economic growth within the region, support the priority sector within the Investment Zone, and represent value for money for the government. This should be done in collaboration with the lower tier authority who will continue to take operational responsibility for collecting these rates. Local authorities will need to work together to agree a share of the non domestic rates growth to go to lead local authority, as well as to develop a strong reinvestment strategy for the revenue stream. SG and UKG will assess applications for the use of the NDR retention offer on these criteria. Government reserves the right to reject sites based on cost and deliverability.

BUSINESS RATES RETENTION
Will you be proposing sites within which 100% of non domestic rates growth is retained over an agreed baseline for 25-years?
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If yes, how many non domestic rates sites are you proposing?
Indicatively all 3 tax sites will be non domestic rates sites.
What is the provisional location and estimated size of these sites?
The provisional locations of the ETZ and Peterhead non domestic rates sites are shown on the attached plans with each having a respective area of 288.5ha and 200ha. A third non domestic rates site is still to be identified.
We would be interested to know if you have engaged relevant billing authorities and their initial feedback to your proposals, if available.
<i>Engagement with Aberdeen City and Aberdeenshire Councils, Grampian Assessor and ERO and Government is ongoing to establish the viability of non domestic rates sites within the North East of Scotland Investment Zone.</i>
At this stage do you intend for these sites to be located on the same site as your tax sites?
Yes

Planning

Investment Zones should have a credible and ambitious planning offer to accelerate the development necessary to support the cluster while maintaining high environmental standards. There must be a single point of contact for investors to support proactive and constructive engagement on planning matters. Regions should look at proactive master-planning, bespoke engagement and support to applicants, and the use of Local Development Orders and other innovative routes to permission, where appropriate, to deliver exemplar development faster and to support the long-term success of the Zone.

PLEASE OUTLINE YOUR EARLY THINKING ON THE PROSPECTIVE PLANNING OFFER FOR THE INVESTMENT ZONE (250 words)

You should briefly set out what planning you intend to take forward as part of the Investment Zone and how you will ensure it accelerates progress.

In this section, please set out any early thinking on what your planning offer will be, based on the requirements in the IZ policy prospectus, including consideration of how SG can support your ambitions.

To accelerate investment and growth within our Investment Zone it is proposed to introduce masterplan consent areas for each Tax Site and within Peterhead the surrounding strategic housing sites. The delivery of masterplan consent areas will commence when this part of the Planning(Scotland) Act 2019 is enacted. In the meantime delivery of development within designated tax sites will be regulated through a planning protocol.

The ETZ and Peterhead Tax Sites have been designated National Development status by National Planning Framework 4 with Peterhead also being designated Industrial Green Transition Zone status. Furthermore, each Tax Site has been designated by the respective Aberdeen City and Aberdeenshire Local Development Plans as areas where development within Classes 4, 5 and 6 of the Town and Country Planning (Use Classes)(Scotland) Order 1997 as amended will be supported. As such, Consistency of approach to consenting by both Aberdeen City and Aberdeenshire Planning Authorities through establishing a planning protocol for tax sites will remove delay and risk from the development and investment processes

Partner Research Institutions

At a minimum, a relevant local research institution should co-sign the final proposal. Each Investment Zone is expected to ensure strong collaboration between industry and research institutions. We will expect participating Universities to adopt best in class standards to increase the volume of innovative R&D and adoption. This could include nurturing and supporting local talent, building knowledge networks, collaborating on research commercialisation, and supporting scaleup and adoption of promising innovations following spinout to raise the productive potential of the whole area.

WHICH RESEARCH INSTITUTION(S) WILL CO-SIGN YOUR PROPOSAL? (250 words)

Please provide details of proposed partner research institution(s), why they are appropriate and how you envisage they could support the proposal.

In this section, we would like to understand:

- Which research institution(s) you are considering working with to co-design your IZ and who will co-sign your proposal (it can be more than one)
- Why they are appropriate, considering your proposed sector, cluster and geographic focus
- How they will meaningfully support the development and delivery of the vision

The University of Aberdeen and Robert Gordon University (RGU) are both located within the investment zone region and are fully committed in their support of the regional economic strategy. As key delivery partners they are represented on the Investment Zone steering and working groups and are already supporting its co-design through evidence gathering around research and innovation capacity and skills provision. Both universities have agreed to act as co-signatories on the proposal.

The University of Aberdeen is a broad-based research-intensive (TRAC Group A) university with significant research and innovation capacity across the sectors identified in the vision statement. In REF 2021, it returned 420 researchers across a range of STEM disciplines and has several key assets that can support the investment zone, including: Centre for Energy Transition, National Decommissioning Centre, Rowett Institute, Centre for Data & AI.

RGU has a strong reputation for its partnerships with industry, particularly in the proposed sectors, as evidenced by its high knowledge exchange collaborations. It delivers innovative research solutions for business and industry providing economic, societal, environmental and cultural impact. RGU's Energy Transition Institute; National Subsea Centre; Entrepreneurship and Innovation Group; and Digital Innovation Lab will all play a key role in supporting the Investment Zone.

The universities are supporting development of the vision by contributing time of senior institutional leaders and academic experts. Their contribution to delivery will take many forms; for example, by enhancing industrial engagement to support knowledge exchange, through entrepreneurial campuses driving growth in startups/spinouts, future workforce development.

In addition to the regions Higher Education institutions the development and delivery of the North East of Scotland Investment Zone will also be influenced by the work of North East Scotland College and The Hutton Institute with regards to the provision of a skilled workforce, research and innovation.

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North East Scotland Investment Zone

Scottish Investment Zones Gateway 2

Sector and Geography Template

Primary Contact Details

Name: Martin Barry

Email address: martin.barry@scotent.co.uk

Phone number: +44 (0)141 468 5886

Organisation name: Scottish Enterprise

Secondary Contact Details

Name: Paul Macari

Email address: paul.macari2@aberdeenshire.gov.uk

Phone number: +44 (0)146 753 4408

Organisation name: Aberdeenshire Council

Information to complete this document

At this stage of the co-development process, we want to work together to choose the priority sector(s) the Investment Zone (IZ) will support, the cluster you will focus on developing, and how this could support IZ objectives. You should also consider how you might locate and use spatially specific interventions such as Tax sites and Non Domestic Rate Retention (NDRR) sites in your proposed IZ.

You will be required to provide the detail requested at each question to proceed. **Please refer to the draft criteria you have been provided with as you complete these questions.**

We have provided word counts throughout the document - **in the interest of proportionality you should not expand beyond these word counts. We expect you may have developed much of the information required to answer these questions as part of your wider economic strategies and encourage you to draw on that existing evidence base wherever possible.**

The criteria set out the expectations for the detail of your response at each question including the information/evidence your response should contain. It also highlights potential examples of the types of information you should include where this would benefit the answer provided. **To be clear, we do not expect you to provide information against all the examples listed in the criteria.** You should be guided by the nature and focus of your proposal.

The responses to questions at this gateway should build upon the work you have done thus far to assess the economic landscape of your region and align your proposal with existing Regional Economic Strategies, as well as relevant strategic frameworks published by both Governments such as the Scottish Government's National Strategy for Economic Transformation, and the UK Government's Levelling Up White Paper. This will provide a useful and known context within which proposals can be developed further.

Please note that information submitted at this point will be shared with other UKG and SG departments (OGDs) as part of the co-development process to help UKG and SG appraise proposals and consider how they could be strengthened. Advice from other UKG and SG departments could result in UKG and SG requiring you to revise and/or update answers during this process. We will consider proposals against:

- UKG and SG understanding of regional sectoral strengths, clusters, and specific challenges/opportunities;
- Alignment with UKG and SG policy, strategies, and investment;
- Opportunities to go further and consider if the proposed options are credible ways of addressing the stated issues;
- Opportunities to drive additional private sector investment and meet UKG's Levelling Up ambitions across the UK, and SG's inward investment priorities.

FINAL

- How well the options embed Wellbeing Economy approaches such as Fair Work and Community Wealth Building as means to contribute to reducing economic inequality across the region.

We do not expect the answers here to be final, and REPs will have the opportunity to update and iterate returns as they advance through the IZ gateways.

The guidance from the criteria document has been included in each of the text boxes below, please remove this when returning your first draft of this document.

We will advise Ministers as proposals develop, to allow them to consider the whole IZ programme as it develops and will provide feedback to REPs at regular intervals.

Questions

We have split the questions into thematic sections to help guide thinking and set them out in a structured way, in line with the programme's Theory of Change. However, please do consider these questions in the round and how this Gateway will influence the development of your proposal through future Gateways.

As we co-develop these proposals and proceed through future Gateways, we expect that previous templates might need to be iterated to reflect on-going and evolving discussions.

As set out in correspondence to date, UKG and SG will reserve the right to not take forward proposals if agreement cannot be reached and proposals will only be formally signed off in full at the conclusion of the process.

Sector and Cluster

At this gateway REPs are expected to identify the priority sector(s) they intend to support through their IZ; the nature and geography of the existing target cluster, and the key challenges and opportunities IZ tools could address.

These questions set out the evidence a place will need to provide if it wishes to pursue a focus on more than one priority sector, to support a coherent economic cluster.

SECTOR

Question 2.1: What priority sector will your IZ support and why is it a strength?

Please tick one of the boxes below. If you are proposing more than one priority sector, subject to evidence that these sectors intersect as part of a coherent economic cluster, please tick all the relevant boxes.

- ☐ Advanced Manufacturing
☐ Creative Industries
☒ Digital and Tech
☒ Green Industries
☐ Life Sciences

Your answer should not be longer than 500 words.

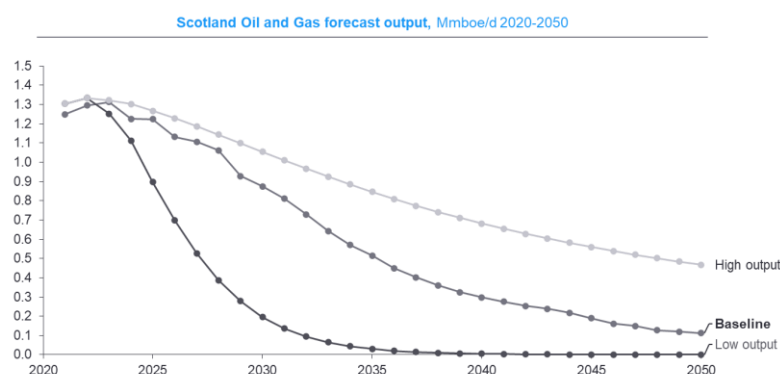
North-East Scotland Investment Zone (NESIZ) Vision and Ambition 2035 Vision

North-East Scotland's (NES) vision is for a regional economy that enables its people, communities, businesses and key sectors to thrive. The IZ will be integral to the region's economic diversification by embracing entrepreneurship and innovation and leading its transition to net zero. This will deliver a just, sustainable, and prosperous economy for residents and business founded upon two interlinked priority sectors to transition from an oil and gas economy and transform and lead in digital technology:

1. A clear economic growth story in **Green Energy**, unlocked by NESIZ status and the regions natural and geological characteristics to transition the regions significant and unique legacy oil and gas supply chain, and skills-base into a hotbed of Green Energy supply chain innovation and investment that delivers both transitional and new jobs and growth.
2. Capitalising on the regions industrial **Digital Technology** revolution and latent potential to unleash the deep, applied Digital Technology expertise in creating and scaling new high growth innovation-led international businesses including EnergyTech, ClimateTech, HealthTech and AgriTech to deliver the high productivity, high value jobs that will underpin the NES economy of the future.

Exposition of the Green Energy sector

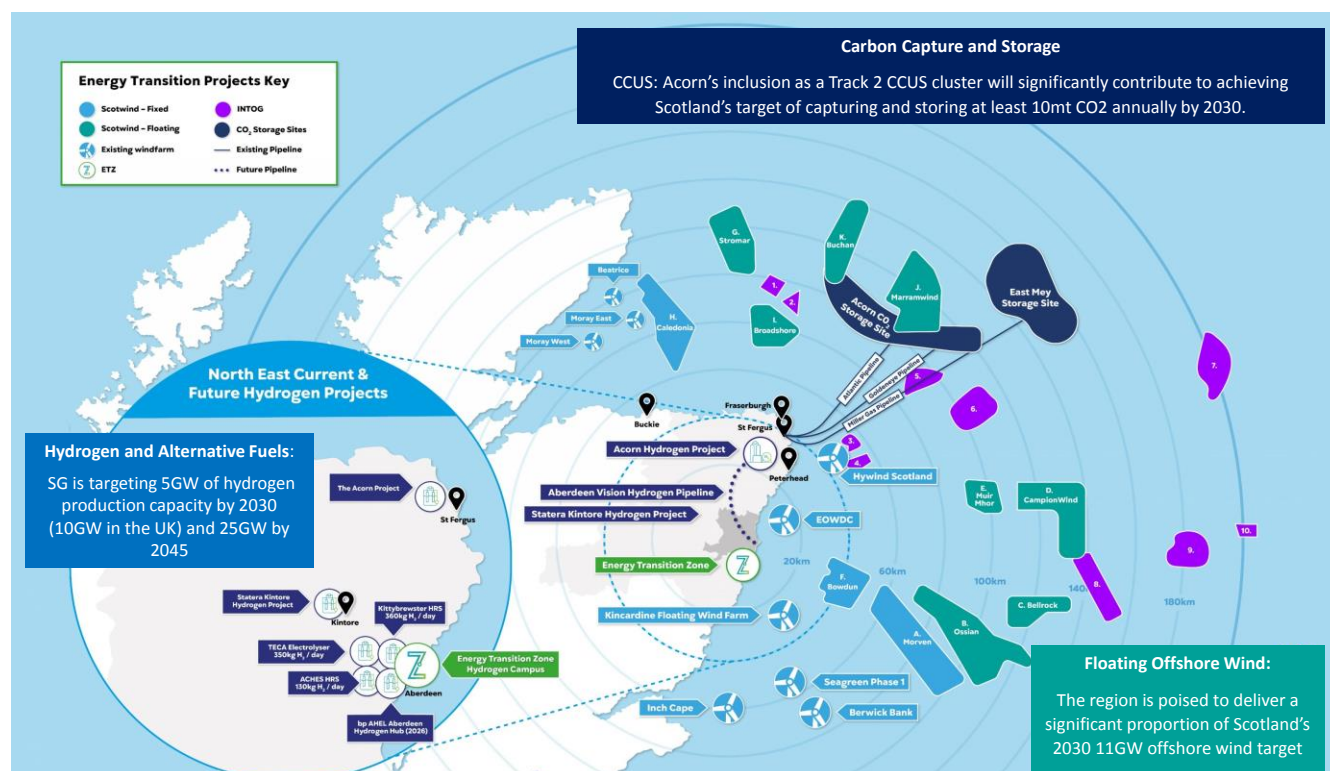
With the majority of Scotland's 79,000 Oil and Gas jobs based in NES¹, the region risks significant job losses of 26,500 and gross value added (GVA) reduction of £10.4bn by 2050² due to forecast declining output. NESIZ will underpin NES's strategic realignment towards the green energy sector as both an environmental imperative and to safeguard the region and Scotland's economic sustainability.



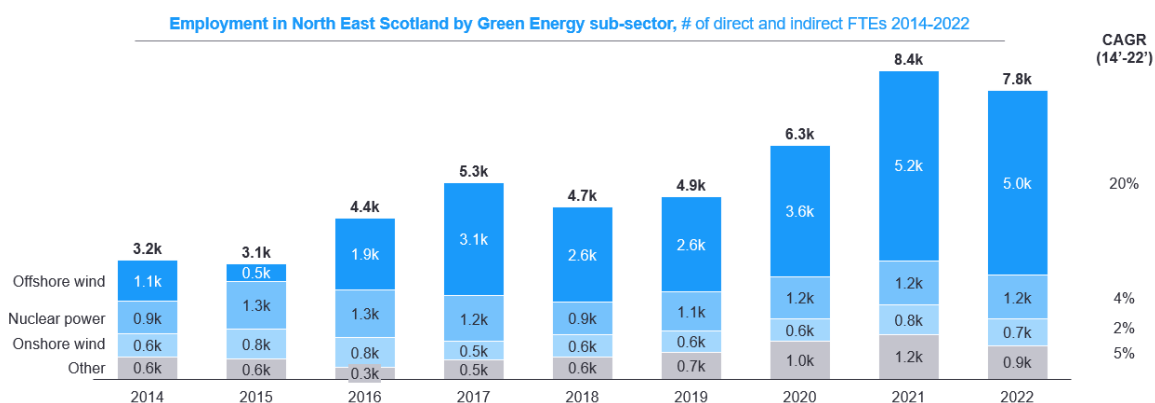
¹ Source: EY – Just Transition Review of the Scottish Energy Sector (2022) [\[link\]](#)

² Source: EY – Just Transition Review of the Scottish Energy Sector (2022) [\[link\]](#)

The IZ will empower three core complementary energy sub-sectors: Offshore Wind (particularly floating), Hydrogen and Alternative Fuels, and Carbon Capture and Storage, integrated across the value chain from production to end use as illustrated in the diagram overleaf³:



NES's green energy sector employed 7,800 full-time equivalents (FTEs) in 2022⁴, with employment in offshore wind, the most established of the three sectors, increasing at a compound annual growth rate (CAGR) of 20% between 2014 to 2022.

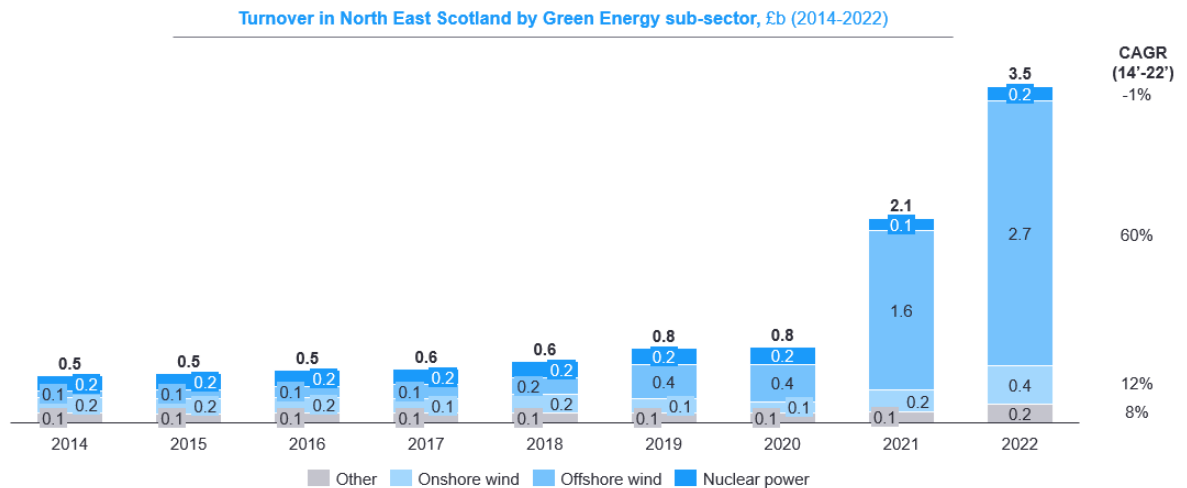


In 2022, the green energy sector in NES generated a turnover of £3.5bn⁵ (33% of Scottish green energy turnover), marking a substantial increase of over 60% from the £2.1bn recorded in 2021.

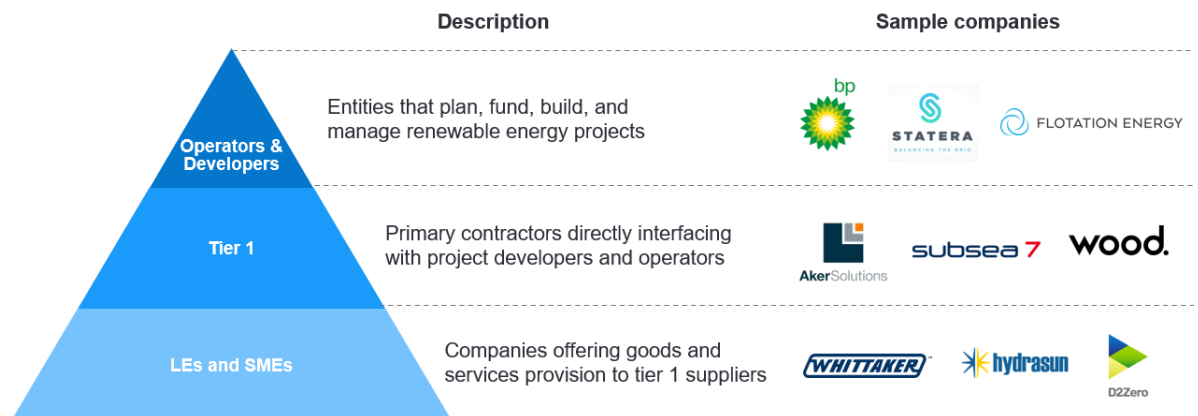
³ The wider green energy sector constitutes onshore and offshore wind, hydrogen, CCS, solar, hydropower, nuclear, wave and tidal, and bioenergy. As stated above the three subsectors of NESIZ are Offshore Wind (Particularly floating), hydrogen and alternative fuels, CCUS.

⁴ Source: ONS – Low carbon and renewable energy economy estimates (2024) [\[link\]](#)

⁵ Source: ONS – Low carbon and renewable energy economy estimates (2024) [\[link\]](#); Values were apportioned for North East Scotland based on its proportion of Scotland's energy production across onshore wind, offshore wind, hydrogen, carbon capture, utilisation and storage (CCUS), solar, nuclear, and other renewable energies.



NESIZ will strengthen the SME base within the green energy supply chain providing goods and services to Tier 1 contractors, who interface with the core renewable energy generators and operators. The region's presence of multinationals through to SME's (who generate the majority of innovation), many of whom with years of world leading experience developing technical solutions across the Oil and Gas lifecycle that are readily transferable to renewables, provides the strength of demand and agglomeration effects needed to drive forward the design, construction and operation of complex, sustainable energy projects:



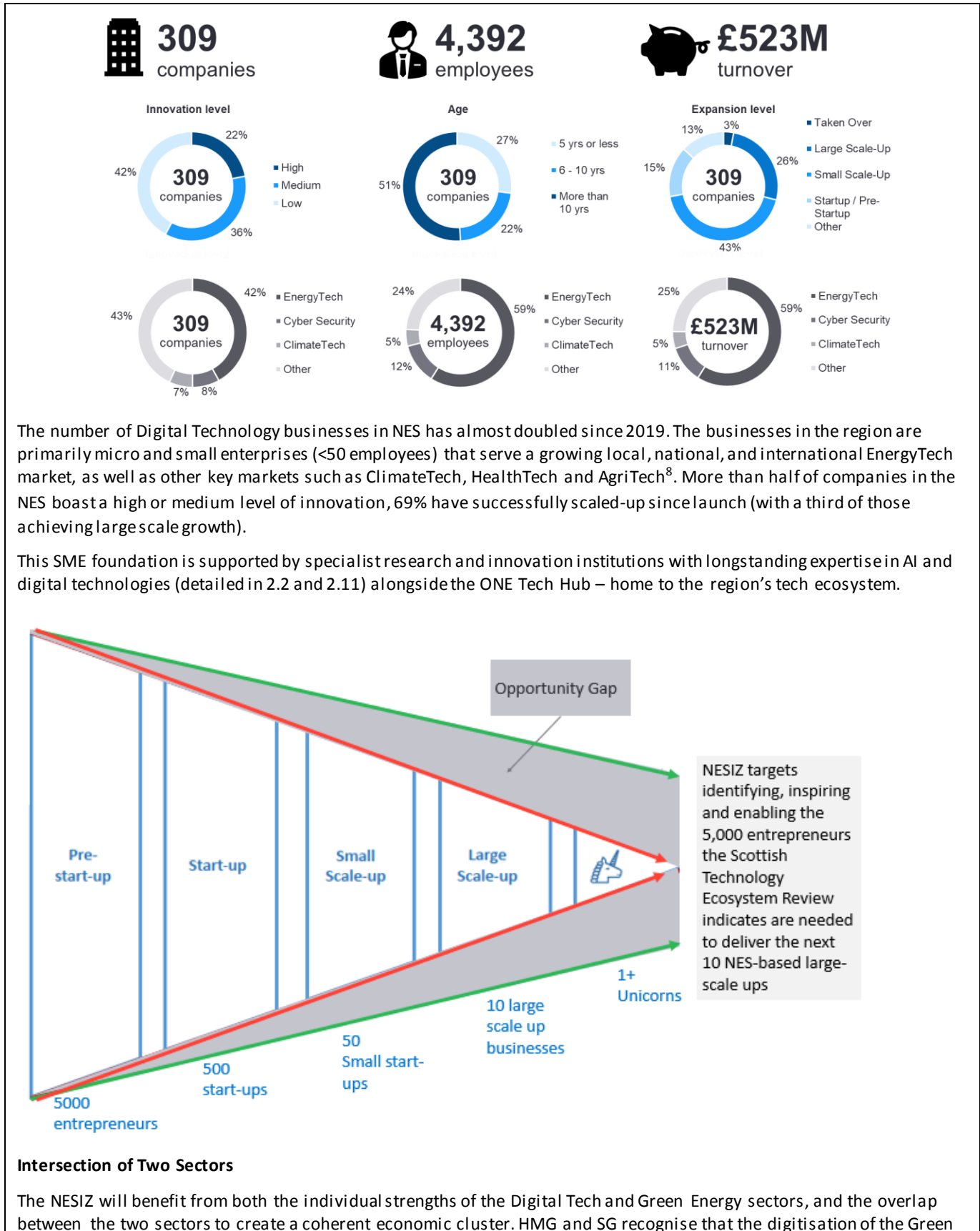
This supply chain is supported by a significant concentration of specialist research and innovation institutions across the target sub-sectors (detailed fully in 2.2 and 2.11).

Exposition of The Digital Technology Sector

The Digital Tech sector is forecast to be grow by 31% (£1.8bn GVA) in Scotland by 2033, outpacing forecast Scottish average +14%⁶. The NE cluster is amongst the fastest growing tech-related sectors in the UK, with more than 300 companies who employ 4,400 people (1.6% of total NES jobs), and an annual turnover of £520m a year⁷, providing software and AI solutions, including a range of SaaS products across key growth industry sectors.

⁶ Source: Own elaborations on Skills Development Scotland - Sectoral Skills Assessment: Digital Technologies (October 2023) [link]

⁷ Source: Scottish Enterprise, Company Connecting & Analysis Logic for ONE Digital Tech - Digital Tech Sector Insights for NE Scotland (June 2023)



⁸ Source: Scottish Enterprise, Company Connecting & Analysis Logic for ONE Digital Tech - Digital Tech Sector Insights for NE Scotland (June 2023)

Energy sector is critical for ensuring the interoperability of the energy system in Scotland and the UK as it transitions to net zero⁹. The National AI Strategy, Green Industries Growth Accelerator and the Scottish AI Strategy all reinforce digital and AI technologies as a key priority to transition to a climate neutral economy¹⁰.

The NES region has a track record of successfully integrating both sectors; the Aberdeen City Region Deal funded the Net Zero Technology Centre to develop technology and digitalisation projects in renewables¹¹, and including the funding of the two national centres (National Subsea Centre and National Decommissioning Centre). Furthermore, the ONE EnergyTech program connects Digital Tech businesses with established green energy enterprises through a collaboration programme to innovate in new digital solutions and products. The One, Codebase and Barclays Eaglelab collaboration has driven innovation in both Digital Technology and Energy with SMEs raising over £20m from VC funds, creating more than 250 jobs, and fostering international market connections and meeting global demand. This makes it imperative that the NESIZ similarly continues to integrate and seize growth opportunities across both sectors.

Opportunity 1: Accelerating growth in target sectors

Green Energy

The UK continues to have first leader advantage in floating wind. There are projects totalling up to 19GW within 100 nautical miles of the region, accounting for 75% of the Scottish floating wind projects and around 25% of the global floating wind pipeline. IZ status will be a catalyst for the supply chain to take advantage of commercial scale developments to build technology solutions, concentrating supply chain expertise and investment with associated export potential. IZ incentives will also play a core role in viability for the supply chain to deliver on the regional target to produce over 1GW of low carbon hydrogen by 2030¹², underpinned by the Acorn CCUS Project and its hydrogen developments at St Fergus and BP Aberdeen Hydrogen Hub.

Digital Technology in Green Energy

NES Energy & Utilities GVA is forecast to grow by 18% between 2024 and 2032¹³ driving continued demand for the region's solutions including:

- Monitor and enhance energy systems, such as energy management systems, renewable energy monitoring, carbon tracking and the automation of key energy processes.
- Data for AI and predictive models such as predictive maintenance systems, AI powered asset management systems, AI enabled alarm monitoring and process control, remote emissions data collection and monitoring.
- World leading robotics and autonomous monitoring for a wide range of industrial applications across offshore green energy, manufacturing, logistics, transport and healthcare.
- Improve energy performance and efficiency such as smart grid solutions and optimisations, energy efficiency software, energy modelling and simulation software and digital twins.
- Revolutionise productivity through blockchain-enabled energy platforms, energy trading and market platforms, demand response platforms, regulatory compliance and reporting solutions.

These services augmented with NISEZ will accelerate growth in both the Green Energy and Digital Tech cluster and support the region's goal to grow the number of active technology companies as a share of Scottish total from 7% to 15% by 2030 and an additional 10,000 jobs by 2032.

Digital Technology in Other Verticals

The EnergyTech cluster has been a testbed for enabling business solutions and NESIZ will provide replicable software, knowledge transfer and enable operations into high-growth adjacent verticals such as AgriTech, CleanTech, ClimateTech, Cyber Security, FinTech, and HealthTech, where businesses are growing¹⁴ and confident of Digital Technology demand¹⁵.

⁹Source: UK Parliament Post - Post Note n.655 [\[link\]](#)

¹⁰Source: Innovate UK - Opportunities (2024) [\[link\]](#)

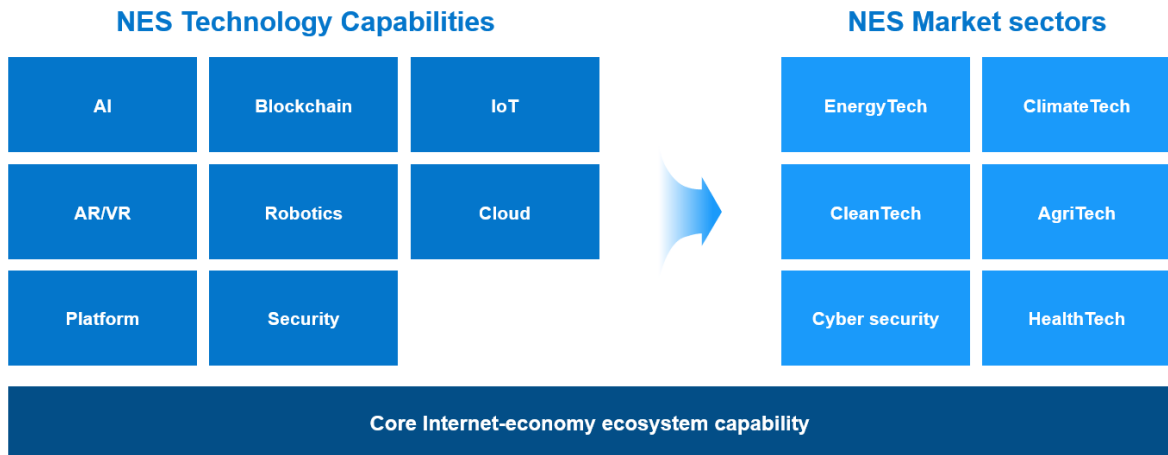
¹¹Source: Aberdeen City Region Deal Quarterly Progress Update (February 2024) [\[link\]](#)

¹²Source: NES Hydrogen Ambition Steering Committee - North East Scotland's Hydrogen Ambition (2021)

¹³Source: Own elaborations on Oxford Economics - UK Regional Forecasts: Detailed industry GVA (2023)

¹⁴Source: Own elaborations on Nomis - UK Business Counts: enterprises by industry and employment size band (2023) [\[link\]](#)

¹⁵Source: ScotlandIS - Scottish Technology Industry Survey 2024 (2024)



Green Energy and Digital Technology Export Potential

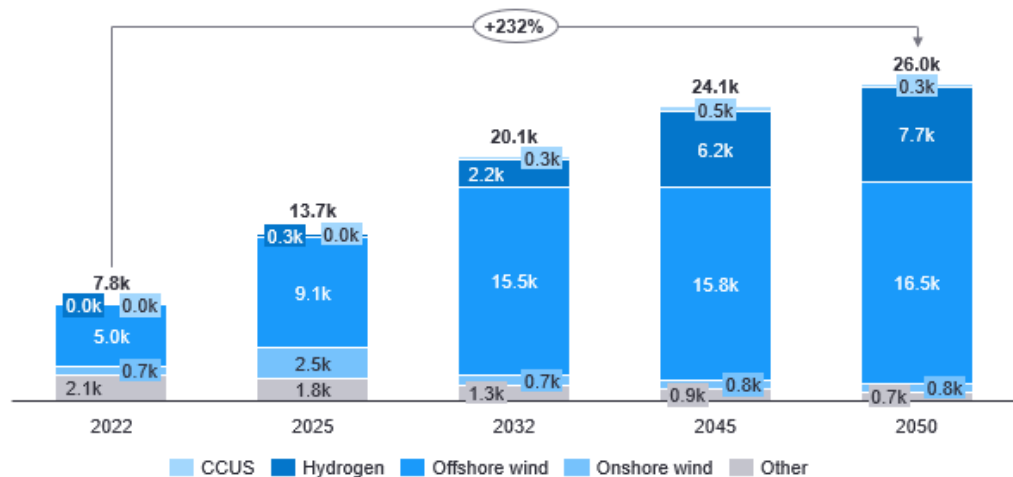
The global pipeline of offshore wind projects stands at 1.23 TW¹⁶, with the UK's pipeline of 99.8 GW being second only to China's. This presents a substantial export opportunity for the energy supply chain. Similarly, the Digital Tech sector demonstrates significant export potential, with national exports doubling since 2012. Within the region, 71% of the Digital Tech cluster provides products and services to international markets making up 44% of revenues from overseas American, Middle East and Gulf State markets, primarily driven by Green Energy markets.

Opportunity 2: Building the skills for a Digital and Net Zero Future

Green Energy Skills Transition

More than 90% of NES's current O&G workforce has medium to high skills transferability to adjacent energy sectors¹⁷, IZ status will secure the employment space, business and skills investment needed to accommodate both existing workers transitioning from Oil and Gas to renewables and new entrants needed to meet the Green Energy employment demand for 20,100 FTEs by 2032 and 26,000 FTEs by 2050.

Green Energy employment forecast in North East Scotland by Green Energy sub-sector, # of direct and indirect FTEs



Digital Technology

¹⁶ Source: ETZ – Offshore wind update (2023)

¹⁷ Source: RGU Aberdeen – Making the switch (2022) [\[link\]](#)

Demand for Digital Technology skills are growing exponentially with two-thirds of Scottish Technology businesses seeking data and AI or Machine Learning skills, founded on growth of Digital Technologies including AI, Robotics and Cloud software¹⁸. To meet the NES target to double the size of the sector by 2030 and contribute £1bn to regional GDP, the existing employee base of 4.400 workers skilled in digital technology will need to double¹⁹. Career pathways provided into data and digital careers, covering the basic and key skills in schools, college, and apprenticeships through to advanced postgraduate training and research in AI, robotics and other advances digital technologies. training provision, part-time short courses, online programs, and micro-credentials are increasingly important as they complement the supply of talent from traditional learning opportunities and are particularly relevant for reskilling and career changes. 80% of existing Digital Technology roles in the region are classified as high-value jobs²⁰ evidencing the prosperity opportunity for the region.

Opportunity 3: Leveraging innovation specialisms within the Supply Chain and Research institutions

Green Energy

Floating wind and hydrogen sectors will unlock innovation and concentrate specialisms within the legacy Oil and Gas supply chain. The sector possesses between 60% and 80% of the capabilities required to develop the UK's low carbon energies²¹ with regional specialisms including offshore and subsea design, operations and maintenance, and use of dangerous gases. Regional research and innovation assets include UoA's Interdisciplinary Centre for Energy Transition, National Decommissioning Centre, Robert Gordon University's (RGU's) Energy Transition Institute and the National Subsea Centre. The clustering effects of Green Energy businesses, research and physical capital operating in close proximity will provide dynamic, multiplicative effects for existing and new businesses, increasing the energy supply chain's work outside of oil and gas beyond 50% by 2030, alongside providing significant export opportunities given solutions have global applicability²².

Digital Technology

The region holds significant and unique Digital Technology innovation solutions such as predictive AI maintenance, renewable energy monitoring and simulation IP with the potential for global applicability that require scale-up, investment and commercialisation support. Research intensity from institutions such as the UoA Department of Computing Science and the Interdisciplinary Centre for Data and AI, and RGU's School of Computing, along with the multi-sector application of research from the National Subsea Centre, will foster innovation specialisms. These specialisms are expected to create cyclical and reciprocated benefits between the research institutions and the private sector. This collaboration is particularly valuable for solutions with export potential²³.

Question 2.2: Please describe the existing economic cluster your IZ will support and strengths of the wider eco-system?

Your answer should not be longer than 500 words.

The North East Scotland Investment Zone (NESIZ) will support two significant economic clusters – Green Energy and Digital Technology – which each benefit from established entrepreneurial and innovation ecosystems in the region. The existing cluster and strengths of each are described below:

The Green Energy Cluster

The NES region has the potential to become an integrated energy basin ecosystem, interconnecting fixed and floating wind, hydrogen and carbon capture to produce net-zero energy, with operations unlocked through Digital Technology. The diagram illustrates this scaled green energy value chain vision, as foundational elements are being established by ScotWind, the Acorn Track 2 project and INTOG, while identifying targets for the future NESIZ supply chain:

¹⁸ Source: ScotlandIS - Scottish Technology Industry Survey 2024 (2024)

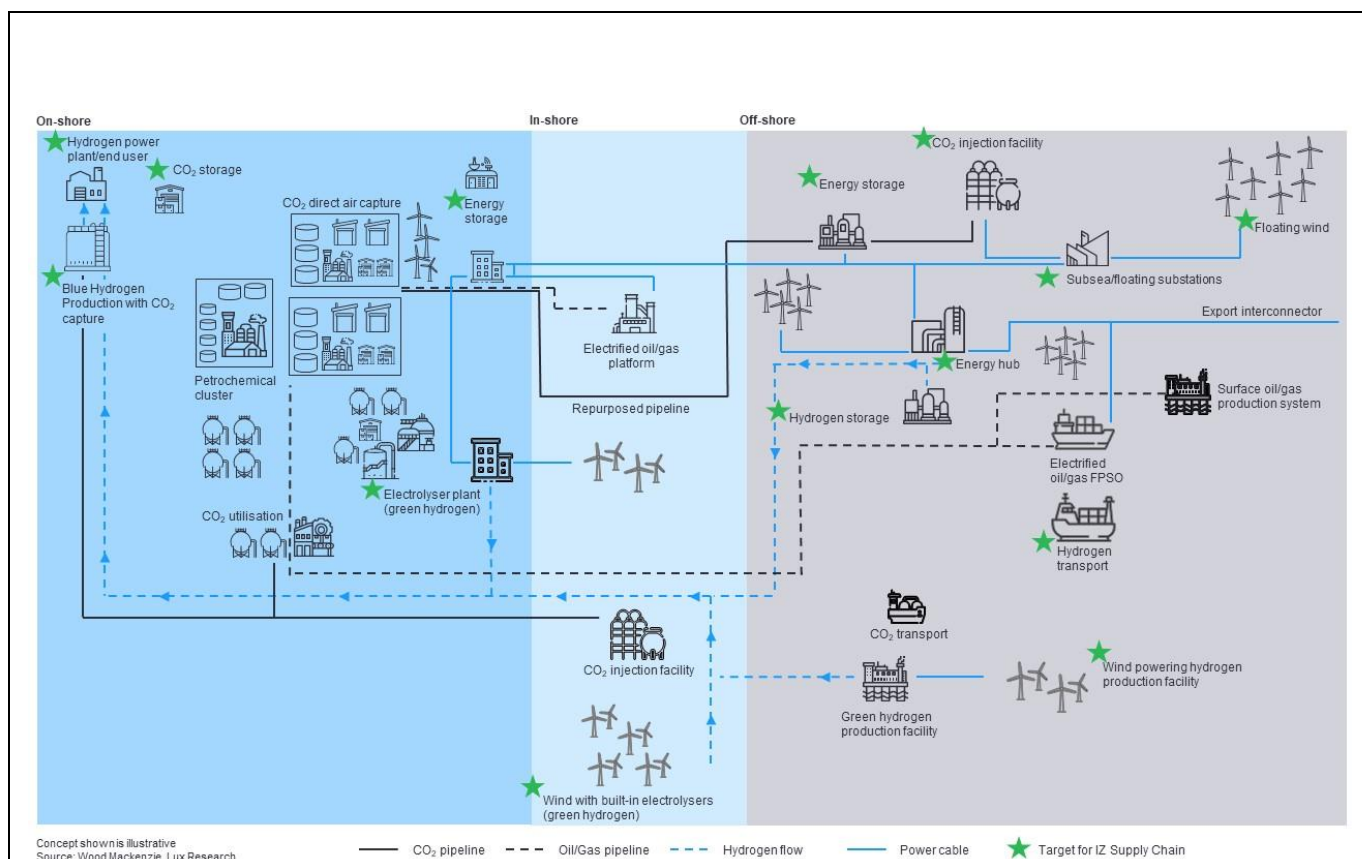
¹⁹ Source: Scottish Enterprise, Company Connecting & Analysis Logic for ONE Digital Tech - Digital Tech Sector Insights for NE Scotland (June 2023)

²⁰ Source: Salaries in excess of 120% of Scottish average of £27,710 - Our focus on economic transformation (scottish-enterprise.com)

²¹ Source: Rystad Energy – UK O&G supply chain and opportunities in the energy transition (April 2024)

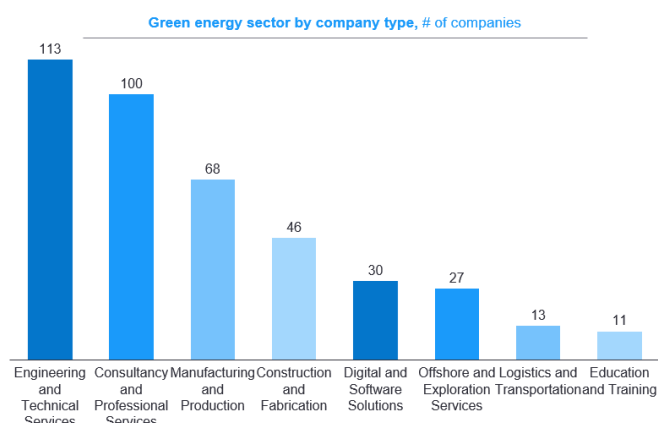
²² Source: Aberdeen and Grampian Chamber of Commerce (AGCC) survey (Oct 2023) in ETZ document

²³ Source: ESPON - European Special Economic Zones (2020) [\[link\]](#)



NES Green Energy Supply Chain

As noted in 2.1, the strength of this value chain in NES lies in its coverage of multinational presence, underpinned by tier 1 operators and a wider supply chain; Scottish Enterprise has identified 400 established companies core to the green energy supply chain in NES²⁴, characterised primarily by engineering (28%) and consultancy (25%) companies, followed by manufacturing (17%), construction (11%) and digital and software companies (7%)²⁵, whilst not exhaustive this indicates the broad range of NES companies and the energy sectors covered by them:



North-East Scotland's Energy employment concentration

About 60,000 energy jobs are located in NES²⁶, with around 85% employed in the oil and gas industry; the remaining 15% supply regional offshore wind, hydrogen, carbon transportation and storage activities, and other sub-sectors²⁷. Economic

²⁴ Source: North East Energy Supply Chain (2023)

²⁵ Source: North East Energy Supply Chain (2023)

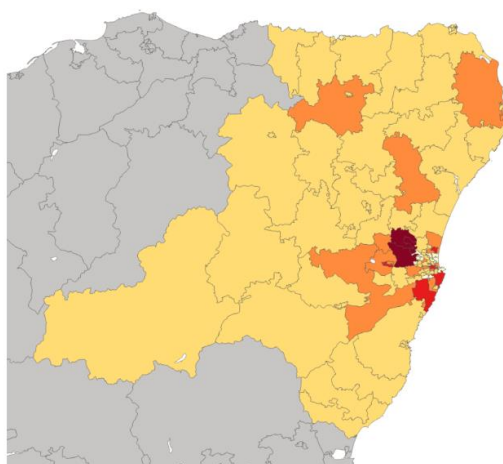
²⁶ Source: EY – Just Transition Review of the Scottish Energy Sector (2022) [\[link\]](#)

²⁷ Source: RGU Aberdeen – Making the switch (2022) [\[link\]](#)

value associated with offshore energy operations is evident: GVA per filled job in the North-East is 4.5% higher than the UK average and 8.5% higher than Scotland. In 2019 GVA per filled job in the region was £59,260 compared with a GVA per filled job of £56,670 for the UK and £54,662 for Scotland²⁸. In terms of educational attainment, the region's qualification statistics underline the strengths of its overall workforce: the North-East of Scotland ranks fourth highest in the UK in terms of educational achievement, with over half of the workforce educated to degree level⁶. Maintaining and increasing the quality of future jobs in the region, enabled through NESIZ, will be critical to workforce retention.

Employment in the Energy Sector by Intermediate Zone (2021)

Energy Sector Clusters ● Cluster 1: 3,000+ ● Cluster 2: 1,000 - 2,999 ● Cluster 3: 100 - 999 ● Cluster 4: 5 - 99 ● Cluster 5: 1 - 4
Total Employment: 29,900



Digital Technology employment concentration

Employment is concentrated around the city of Aberdeen and the South of the city²⁹ and employs prevalently high-value individuals³⁰ (80% of the cluster's workforce)³¹. Productivity of the workforce is in line with Scottish averages at £37 GVA per hour³² and high wage jobs are evidenced with a median salary in NES for Technology occupations of £40,100 up by 12% with respect to 2020 figures³³. The workforce is also highly qualified: the Scottish Digital Tech sector has an estimated 75% of workers that are qualified as SCQF Level 7 or above, against a Scottish average of 53%³⁴.

²⁸ Source: ONS – Nominal (smoothed) GVA per filled job (£) (2021)

²⁹ Source: Scottish Enterprise, Company Connecting & Analysis Logic for ONE Digital Tech - Digital Tech Sector Insights for NE Scotland (June 2023)

³⁰ High value jobs are defined as jobs whose salaries are paid higher than 20% of the Scottish average salary (of £27.7k – [link](#)). To estimate how many high value jobs exist in the cluster it was assumed that: for companies employing less than 20 people, 100% of the workforce are employed in high value jobs, and for companies employing more than 20 people, 60% of the workforce is employed in high value jobs.

³¹ Source: Scottish Enterprise, Company Connecting & Analysis Logic for ONE Digital Tech - Digital Tech Sector Insights for NE Scotland (June 2023)

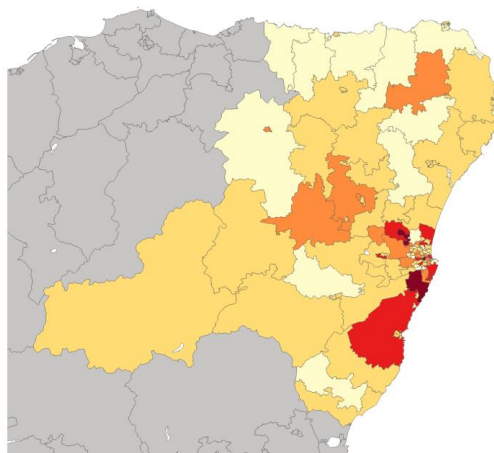
³² Source: Own elaborations on ONS - Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions (2023) [link](#)

³³ Source: ScotlandIS - Scottish Technology Industry Survey 2024 (2024)

³⁴ Source: Skills Development Scotland - Sectoral Skills Assessment: Digital Technologies (October 2023) [link](#)

Employment in the Digital Sector by Intermediate Zone (2021)

Digital Sector Clusters ● Cluster 1: 500+ ● Cluster 2: 150 - 499 ● Cluster 3: 50 - 149 ● Cluster 4: 5 - 49 ● Cluster 5: 0

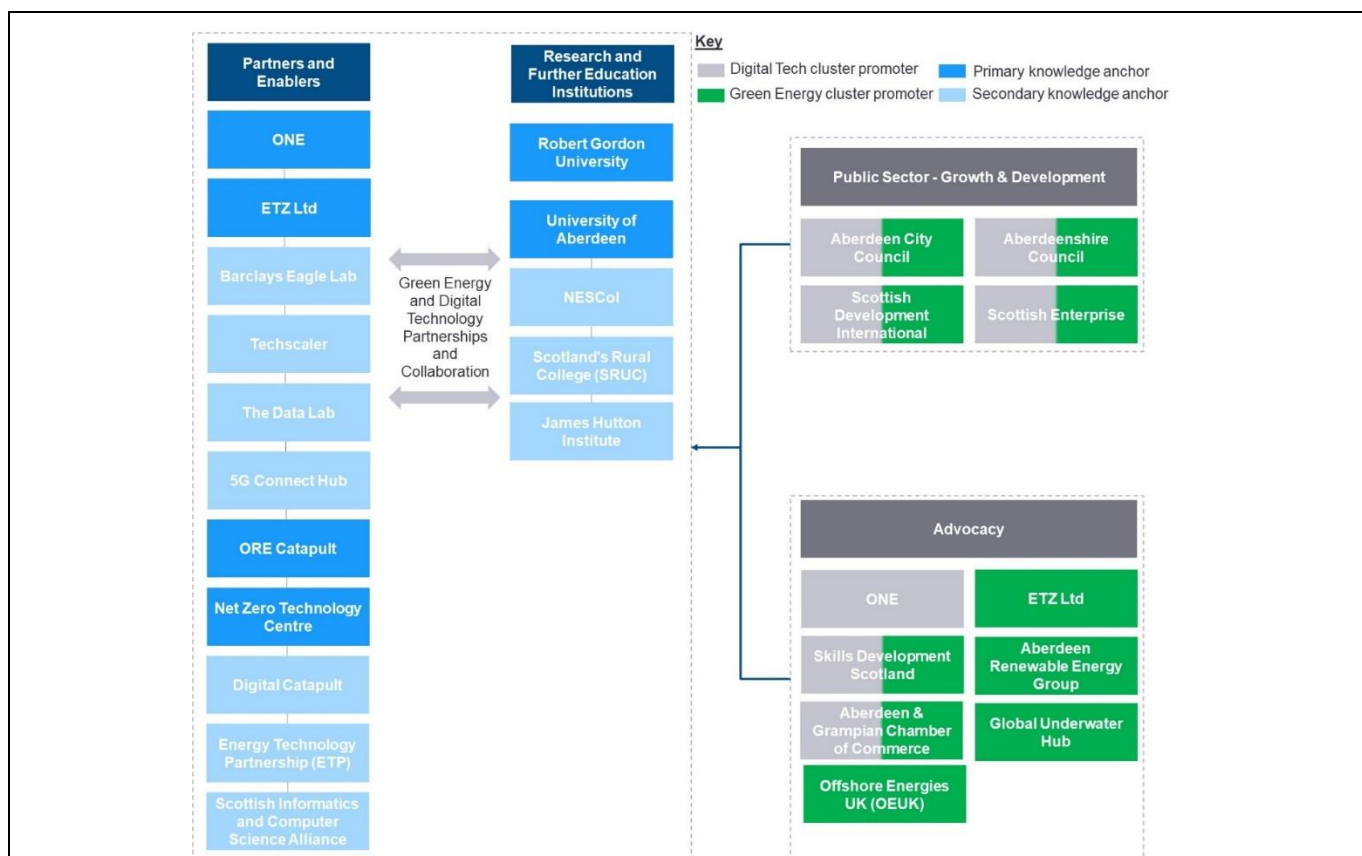


Nonetheless, Scottish employers throughout the Digital Technology are reporting numerous skill shortages: 23% of these businesses report a lack of basic data skills and 37% a lack of advanced digital skills among existing workforces³⁵. This problem is further exacerbated when compounded with limited access to talent: Digital Tech businesses in NES have reported they struggle to attract and retain talent; graduates move to the central belt, or further afield, to larger companies that offer more competitive salaries, like the O&G sector)³⁶.

Green Energy and Digital Technology Knowledge Anchors

³⁵ Source: ScotlandIS - Tech Experts asked to partner with schools to help shape education (2023) [\[link\]](#)

³⁶ Source: Optimat - ONE Digital Tech: Developing an Actionable Strategic Roadmap for the North East of Scotland (2023)



NES has a long academic heritage in Energy and Digital Technology research and development (with research in AI stretching back nearly 60 years), complemented by more recent development and innovation initiatives that underpin sector momentum, exemplified by:

- The University of Aberdeen submitted over 200 academic FTEs to REF 2021 in units of assessment aligned with Green Energy and Digital Technology (with 84% of activity across those units ranked internationally excellent or world-leading); post REF investment in Computer Science has grown academic capacity by another 20 FTEs. Key assets supporting the Green Energy sector include the Interdisciplinary Centre for Energy Transition, the National Decommissioning Centre, the Centre for Applied Dynamics Research, and the Fluid Mechanics Research Group (which plays a key role in advancing renewable energy technologies). The University also contributes significantly toward research and innovation intensity in Digital Technologies through its Interdisciplinary Centre for Data and AI that has attracted funding from UKRI, the EU and Industry and is a member of the UK's Turing Network.
- RGU has an international reputation for its industry-focussed inter-disciplinary research, thought-leadership, enterprise, and teaching with particular strengths in energy and digital, evidenced by national awards and listings. Key relevant assets include the National Subsea Centre, RGU Energy Transition Institute, Hy-One and digital visualisation and simulation suites. Energy and digital/data strengths include Integrated Energy Technologies and Net Zero Operations; Composite Materials; Economics and Workforce Dynamics; AI and Reasoning; Computational Intelligence; Interactive Machine Vision; and Cyber Security. The majority of these areas are interdisciplinary in their approach, particularly involving digital tech and energy. The University is particularly recognised for its entrepreneurial approach which is also embedded within its research and teaching programmes. For REF 2021 submission, 64% of activity across the computing science unit of assessment was internationally excellent and world leading and 58% for the engineering unit of assessment.
- The James Hutton Institute is a RESAS-funded interdisciplinary scientific research institute working in fields including food and energy security, biodiversity, and climate change; the Institute was instrumental in crafting the "2020 Route map for Renewable Energy in Scotland".
- ONE Tech Hub in Aberdeen serves as the focal point for the NES digital tech ecosystem, offering flexible space to grow and foster collaboration among businesses and the wider digital community. Since reopening in February 2022, its occupancy rates have more than doubled, going from 33% to 83%, housing incubators of national importance like CodeBase, Barclays Eagle Lab and Techscaler, as well as research and innovation partners like DataLab and 5G Connect Hub.



- Offshore Renewable Energy (ORE) Catapult is the UK's leading innovation centre for offshore renewable energy and operates the national Floating Wind Innovation Centre (FLOWIC), a recent partnership with ETZ Ltd focussed on development of commercially viable technologies applicable to floating offshore wind. It provides technical expertise and market pathway support alongside large scale plant test capabilities to scale supply chain growth.
- The Net Zero Technology Centre focuses on reducing carbon emissions through innovative research and technology, driving forward the agenda for a cleaner energy future, and the centre offers the TechX Clean Energy Accelerator, an ambitious programme for startups willing to accelerate the path to net zero.
- The innovation base of Aberdeen City is consistently ranked the best in Scotland for patent applications per capita and has been in the top 10 in the UK since 2015.
- NESCol, one of the largest providers of vocational education and training in Scotland, supports the digital and energy transition through dedicated skills courses. It is an active member of the Energy Skills Partnership and the National Energy Skills Accelerator (NESA). NESA is a collaboration between the University of Aberdeen (UoA), RGU, NESCol, Skills Development Scotland (SDS), and ETZ Ltd, which has secured £1 million from the Scottish Government's Just Transition Fund to enhance green energy skills development. This partnership aims to accelerate the training and skills needed for Scotland's energy transition, ensuring the workforce is well-equipped for the future demands of the energy sector.

Both the Green Energy and Digital Technology clusters are further enabled by financial services, physical assets such as the key three east coast ports, and Data Centres, that are detailed within 2.3, 2.4 and 2.8. Both clusters align closely with SG and HMG Government Policy detailed in question 2.9.




Question 2.3: What are the constraints or unrealised opportunities that if addressed could boost the cluster's growth potential?

Your answer should not be longer than 500 words.

The NESIZ will deploy the financial, collaboration and investment levers of the IZ policy to unlock identified human, physical, intangible and financial capital constraints that exist across the region. These are considered below:

Key	
	Constraint for Green Energy cluster
	Constraint for Digital Technology cluster

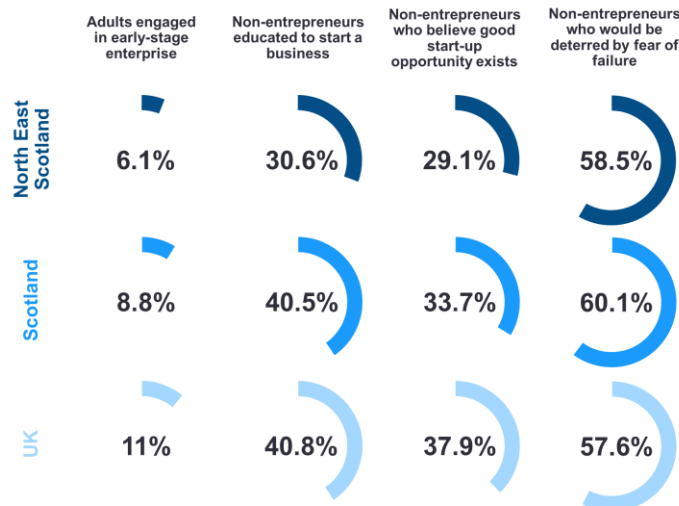
Human capital constraints and opportunities

-  **Existing Oil and Gas skill base:** One in five workers across the region is employed in the offshore oil and gas sector³⁷. With 80% of skills in this sector transferable into renewable energy roles, this provides a generational opportunity to create the 14,000 workers needed to be reskilled by 2030 for renewable energy sectors³⁸.
-   **Entrepreneurial activity:** IZ interventions are ripe for driving up entrepreneurial confidence and enhancing spin-out volumes. NES lags Scotland on entrepreneurial activity: only 6.1% of adults are engaged in early-stage enterprise (Scotland 8.8%) and only 30.6% of the non-entrepreneurial population feels equipped to start a business (Scotland 41%)³⁹;

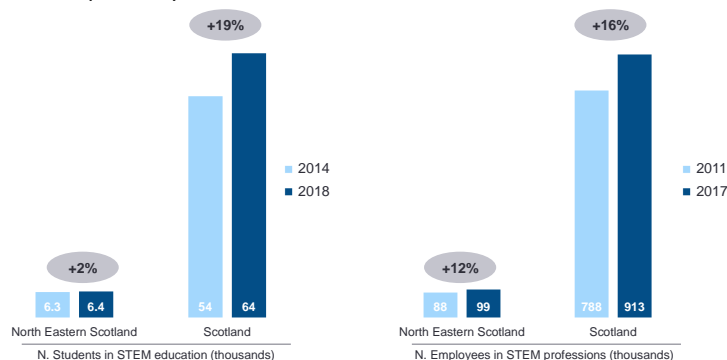
³⁷ Source: RGU Energy Transition Institute – Powering up the Workforce, 2023 [\[link\]](#)

³⁸ Source: RGU Energy Transition Institute – Powering up the Workforce, 2023 [\[link\]](#)

³⁹ Source: Global Entrepreneurship Monitor - Scotland Report 2022/2023 (2023) [\[link\]](#)



STEM education volumes and career pathways: Both target clusters offer STEM education routes that have faced slower growing full-time student numbers and employees than Scottish averages^{40,41}. To meet the NES targets, both the digital tech and green energy sectors need to double their employment by 2030. Additionally, per 2.1 talent retention is a critical issue for NES business further underscoring the significance of addressing STEM education volumes and career pathways:



Technology Demand: With 2,689 Digital Tech jobs vacant across 2022, Aberdeen had the third highest shortage of tech talent in Scotland⁴², with businesses demanding a range of skillsets such as SQL (83%), JavaScript (78%), Python (67%) and Java skills (56%) through to broader software and web development (29%)⁴³.

Physical capital constraints and opportunities

Supply of Industrial Land and Supply Chain Facilities: Land assembly issues at both the Energy Transition Zone and Peterhead could be unlocked by NESIZ status which would enhance the development attractiveness of sites, alongside targeting higher quality developments to fill underutilised and empty sites. There is a significant investment pipeline of companies wishing to establish a footprint in NES, but the existing land and property offer does not meet the level of demand.

Infrastructure services are inhibiting developable commercial plots: Investment to enhance partial services of water, gas, telecoms and electrical infrastructure would bring prospective sites into use and more attractive for commercial development.

Access to test and demonstration facilities: Innovators require both the space to develop pre-commercial technologies and access to specific environments to test them, whether through structured access to commercial operations or dedicated demonstrator facilities or sandboxes. Dedicated test facilities in the region including the

⁴⁰ Own elaborations on UK Government (Department for Business, Energy & Industrial Strategy) - Total number of STEM students [\[link\]](#)

⁴¹ Own elaborations on ONS - Employment in STEM occupations and industries, Scotland, 2011 and 2017 (2019) [\[link\]](#)

⁴² Source: Tech Nation - People and skills report 2022 (2022) [\[link\]](#)

⁴³ Source: ScotlandIS - Scottish Technology Industry Survey 2024 (2024)

European Offshore Wind Deployment Centre, National Hyperbaric Centre, National Subsea Centre, National Decommissioning Centre, and FLOWIC will be better leveraged with growing supply chain in close proximity.



Resilient physical data fabric and (high performance) computing infrastructure is essential for deploying AI and digital technologies at scale and supporting the regional ecosystem's needs. The NESIZ will further strengthen existing HPC and GPU capabilities at the Universities and ensure accelerated deployment of AI and digital technologies, facilitate cutting edge R&D and catalyse innovation in the tech cluster.



Innovation and commercialisation infrastructure: limited access to dedicated and supported innovation and commercialisation spaces embedded within academic centres of excellence to accelerate the rate and scale of spin-outs, start-ups and industry-academic partnerships.

Intangible capital constraints and opportunities



Commercialisation of IP: Applied research conducted in universities could be converted into commercialised businesses opportunities. As of 2023, the University of Aberdeen had a total of 19 spinouts that were still active three years after creation, while RGU had four (compared to UK average of 7). At the same time, research income from industry contracts per academic FTE was £10.5k (UoA) and £0.9k (RGU)⁴⁴.



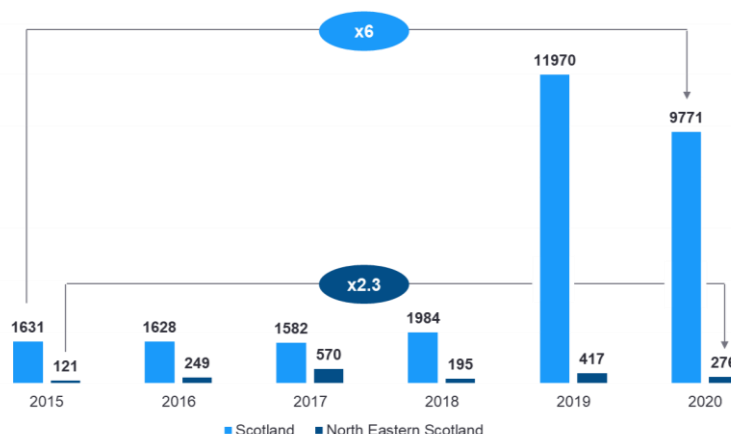
Cohesive approach to scaling in some markets: Given the nascency of some technologies and markets, such as floating offshore wind and the hydrogen economy, there is significant uncertainty in the activities across the value chain, their location and the regulatory framework that can lead to stasis or misaligned decisions. NESIZ engendered collaboration, and the application of tools and techniques including AI, geospatial modelling, research and multicriteria decision analysis can support development of the supply chain to capitalise on major investments in offshore wind, hydrogen and CCUS projects, rather than losing these opportunities over eas.

Financial capital constraints and opportunities



Foreign direct and venture capital investment: Since 2019, Aberdeen has only secured approximately £169m in VC investment (6% of the total investments made in Scotland); this is equivalent to £10.5 per £1,000 GVA, about half of the Scottish average of £18.8⁴⁵. Focussing on the impact for the digital cluster using ICT as a proxy for investment, NES secured a 2.3 increase across the five years from 2015 to 2020, versus Scotland as a whole securing 6.0 multiplier.

Information and Communication net FDI international investment position (£ million) by region and year





Funding uncertainty: The NESIZ will shift positively project certainty and viability to unlock private investment and reduce project risks, to mitigate against rapid government policy shifts and inconsistent investment strategies

⁴⁴ Source: HESA HE-BCIS data [\[link\]](#)

⁴⁵ Source: Own elaborations on Dealroom.co database (2024) [\[link\]](#)

that can act as barriers to growth in Green Energy⁴⁶, and in Digital Technology on costs of research and developing minimum viable products.

 **Access to funding for RD&I and investment pull:** There is an acute issue with early-stage funding within the Digital Technology company base, evidenced by Innovate UK and Research Council's funding in the area amounting to £14m (3% of Scotland's total funding and 0.3% of the UK's); this equates to an investment of £28 per person (three times below Scotland wide averages)⁴⁷.

 **Private sector resilience:** The number of private businesses within the North East has declined, reaching its lowest level since 2010 at 22,170 in 2022, and the business start-up rate in the North East, typically higher than in Scotland, has remained lower than the national average since the onset of the COVID-19 pandemic (18.2 business start-ups per 10,000 working-age adults in the North East, compared to 20.2 in Scotland).

Geography

The questions below ask you to identify the proposed spatial focus of your IZ intervention and set out how this will support agglomeration, Levelling Up, and NSET. It also asks for information on potential tax and business rate retention sites to understand how they align with the existing and proposed spatial focus.

You should consider how the package of interventions you are beginning to design will come together across a coherent geography to be more than the sum of their parts. This might mean targeting specific support to increase R&D and mechanisms to encourage spinouts around the existing cluster of companies or core research assets, and then using interventions around local infrastructure and skills to ensure local communities in the surrounding area can benefit. You should think carefully about how this expresses itself geographically.

As you determine the spatial focus you should consider how any proposed sites, be they tax, NDR, or proposed sites for planning and bringing forward development, link to that economic geography. For example, where you are proposing tax levers you could set out how they are supporting agglomeration by encouraging businesses to cluster together around research institutions assets.

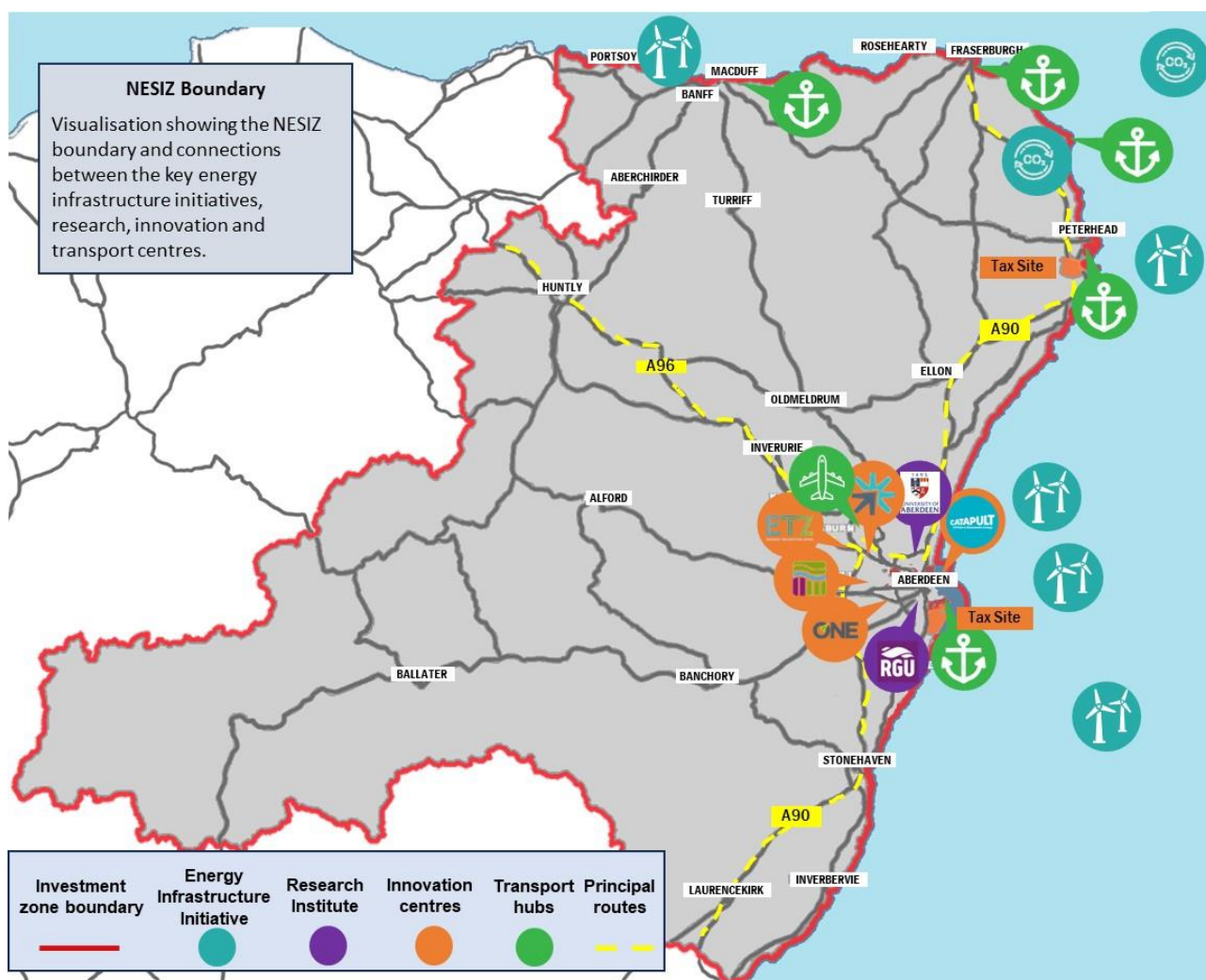
Geography
Question 2.4: What is the proposed spatial focus of your IZ?
Your answer should not be longer than 500 words.
IZ Boundary <p>The economic catchment of NESIZ covers a strategic, coherent and purposefully broad boundary across the North-East of Scotland, with the following rationale:</p> <ol style="list-style-type: none"> 1. Maximises the inclusion of local growth and diversification areas and the regeneration priority areas, including SIMD data zones of deprivation and low pay, identified by National Planning Framework 4. The North-East of Scotland Regional Economic Strategy and the respective Council Local Development Plans, ensuring regeneration objectives align with regional and national strategy.

⁴⁶ Rt Hon Chris Skidmore MP – Mission Zero (2023) [\[link\]](#)

⁴⁷ Source: Own elaborations on UKRI - Geographical Distribution of UKRI Spend in 2019-20 and 2020-21 (2022) [\[link\]](#)

2. Unites all innovation assets across the North-East of Scotland and promotes maximisation of the supply chain opportunities that will emerge from the Acorn project in St. Fergus and the ScotWind and INTOG offshore wind opportunities.
3. All tax sites interlink with Aberdeen and Peterhead Travel-to-Work Areas and areas within a commutable distance of Aberdeen and Peterhead.

Both Tax Site boundaries represent underdeveloped, underutilised, and well-connected land parcels that will facilitate the development of large-scale onshore infrastructure, servicing substantial offshore wind and hydrogen activity – the rationale is captured in 2.5.



Connectivity within the IZ boundary and Tax Site Interlinkages

The IZ boasts unparalleled multi-modal connectivity strengths across land, sea and air, further enhanced by excellent broadband and 5G connectivity.

Transport Connectivity:

The IZ demonstrates critical reliable road connectivity that will ensure the supply chain base can interact and underlying goods and components can flow efficiently within the IZ and for wide export:

- A90 Trunk Road – Connects the proposed Tax Sites, Aberdeen international Airport, Aberdeen South Harbour, Peterhead, St. Fergus, Fraserburgh and the full Energetica energy corridor.
- Planned upgrades to the Hareness Road and Coast Road deploying £25m of City Region Funding to reduce journey times, improve access for wide loads and intermodal connectivity between the Energy Transition Zone and the rail freight network.
- Linkages between the Energy Transition Zone and the NETSRANS Aberdeen Rapid Transport ambitions, which would connect the Altens and East Tullos site with the city, alongside the regional ambitions for active travel.

Sea Connectivity

- **Port of Aberdeen:** The £420m investment in the South Harbour expansion provides the international gateway for Scotland's Energy Transition Zone, creating direct-to-market export opportunities for high-value manufacturing across green energy sectors, providing a focus for supporting principal offshore wind developments off the North-East coast, deep port and subsea capabilities and hydrogen production.
- **Peterhead Port:** Providing a strategic shore-base for multiple offshore wind developments that can also support the acquisition and storage of goods for infrastructure projects such as the globally significant Acorn Carbon Capture & Storage plant. The Port also has the potential to support the export of green hydrogen derivatives and provide local offtake/use for vessels and local businesses and stakeholders.
- **Fraserburgh Harbour:** With key infrastructure such as a shiplift, dry dock, high value marine services including engineering, fabrication and specialist marine electronics Fraserburgh offers the opportunity for high quality vessel repair and maintenance, is experienced in operations and maintenance provision for offshore renewables in the Moray Firth, alongside freight and berthing that integrates into the wider east coast trade offer.

Air Connectivity

- **Aberdeen Airport:** ABZ provides worldwide access for passengers and freight through a varied schedule of domestic and international flights and is a critical link in high value, high-tech supply chains that rely on the timely shipment of goods. The airport hosts leading global logistics providers and provides an offshore heliport alongside a prospective testing zone for drones use cases such as remote and automated emissions data collection and offshore wind monitoring.

How will the IZ promote agglomeration effects?

IZ status will close the viability gap for attracting the right supply chain into the target sites and promote a concentration of knowledge sharing, innovation and collaboration within the NESIZ alongside the business space and facilities to amplify and accelerates initiatives such as:

- **Campus approach to securing green energy investment at Energy Transition Zone:** Within the Tax Site boundary Innovation, Skills, Wind, Hydrogen and Marine Gateway hubs connect within tight spatial distances of major research and innovation hubs in the city.
- **World leading research institutions in UoA and RGU:** Both with dedicated centres of excellence in relation to Green Energy and Digital Technology that drive research and innovation intensity in the region and nationally, providing knowledge exchange and IP licensing opportunities for current businesses, creation of new spin-out and start-ups by academic staff and students, degree programmes, short courses and upskilling opportunities.
- **ONE Tech Hub:** Is the home to north east Scotland's digital tech ecosystem and an ambitious cluster of tech start-ups and scaling businesses; providing a place where a fast-growing community of entrepreneurs and founders, innovative businesses and support organisations meet, share, learn, work and grow together within Aberdeen city centre, alongside a tech enabled learning space for schools, tech industry led Foundation Apprenticeships, and STEM and digital programmes equipping people with the required digital tech skills.
- **Energy Incubator and Scale-up Hub:** ETZ Ltd in partnership with the Net Zero Technology Centre, National Manufacturing Institute Scotland, BP and Scottish Enterprise are spearheading a £9m 3000m² facility to support supply chain expansion and deliver a cutting-edge innovation ecosystem within the Energy Transition Zone. IZ interventions will underpin the EISH to provide a focal point of support for start ups and scaling companies in high value manufacturing to form a critical hub for cluster networks and industrial expansion.
- **ORE-Catapult Floating Wind Innovation Centre:** In partnership with ETZ Ltd sits at the centre of the Wind Campus of the Energy Transition Zone and supports technology development, test, validation, and collaboration on floating wind. ORE's role as a lead innovation partner for the IZ will draw collective benefit alongside providing concept testing facilities to businesses when the site is fully developed following IZ status.
- **W-Zero 1 Facilities:** A case study in these effects: Investment in vacant property has unlocked 100% occupancy within 6 months of fully opening with three anchor tenants including creation of Floating Wind Innovation Centre (FLOWIC) and five co-working tenants.

How will the IZ deliver Levelling Up?

The IZ will grow the private sector boosting productivity, pay, jobs and living standards against the post oil counterfactual

The IZ will facilitate both entry-level and high skilled job growth across the Investment Zone attracting new component manufacturers, Digital Tech, and maintenance and operations companies to North-East Scotland and encouraging

expansionary investment in skills from local and national firms. The Tax Sites provide a nucleus for job growth; the ETZ site is neighboured by areas of high deprivation such as Torry East (with an income deprivation rate of 22%), Torry West (16%) and Kincorth, Leggart and Nigg North (13%) – the conversion of undeveloped or poorly utilised land into effective employment space will generate job creation, alongside growth of the Digital Energy sector in the city centre, which is also near the SIMD zones. The Tax Site in Peterhead is underdeveloped and also interlinks and targets employment from some of the top 10% most deprived areas in Scotland; Peterhead Harbour and Ugieside for example are both SIMD zones where income deprivation exceeds 20%, and employment deprivation exceeds 15%, and both have nearby Town Centre focussed Levelling Up Funded projects. The Aberdeenshire wide boundary facilitates targeted interventions beyond the Tax Site, utilising UoA, RGU and NESCol regional footprints to drive levelling up objectives and spans research and innovation as well as education pathways to promote green energy and digital workforce participation and inclusion to 2030 and beyond.

The IZ public investment will be a multiplier force for private investment

Scotland's spend on Research and Development is growing slower than other UK country and regions (4.9% versus 7% UK wide between 2020 and 2021) and is also comprised of a smaller volume of business research and development investment (1.85% versus 2.01% UK)⁴⁸. Per question 2.8, the prospect of the IZ is encouraging business to accelerate R&D investment to leverage the fiscal incentives, increased direct involvement and collaboration of the research institutions and clustering effects of companies in similar industries working in close spatial networks.

The IZ will intervene on skills outcomes in the region

The IZ will develop interventions for Gateway 4 that target skills shortages in Green Energy and Digital Technology clusters and drive-up tertiary skills in the population. On Green Energy these could include Aberdeen's Energy Transition Skills Hub⁴⁹, to be located within the Energy Transition Zone and the National Energy Skills Accelerator (a partnership between the three local academic institutions), which through the Just Transition Fund provided over 650 fully funded training places across NESIZ to meet the Future Energy Skills needed in 2030⁵⁰. Digital skills development and inclusion will be powered by NESIZ building on the success of existing partnerships such as the Aberdeen Computing Collaborative between (Aberdeen City Council, UoA, RGU, NESCol and ONE), alongside programmes such as the ONE Digital Accelerator in conjunction with CodeBase.

Supporting the development of digital technology skills is an important way to address inequality, as these roles are expected to increase in number and often offer higher-than-average salaries. Additionally, encouraging collaborative efforts to rapidly retrain the existing workforce, who are at risk of displacement due to technological advancements, plays a crucial role in assisting employers and promoting equality.

Please only complete 2.5 if you intend to propose tax sites. If you do not wish to propose tax sites, please simply include N/A in bold in that box. If you propose tax sites, you will be responsible for attracting investment to the sites and should work with landowners to ensure that investment on the site is appropriate and can demonstrably support growth of the cluster and the wider objectives of the IZ. You should be able to demonstrate an ability to ensure this, e.g., plans for MoUs with relevant landowners.

Early indications of tax interventions

Question 2.5: How many tax sites are you proposing, and where are you planning to locate those tax sites?

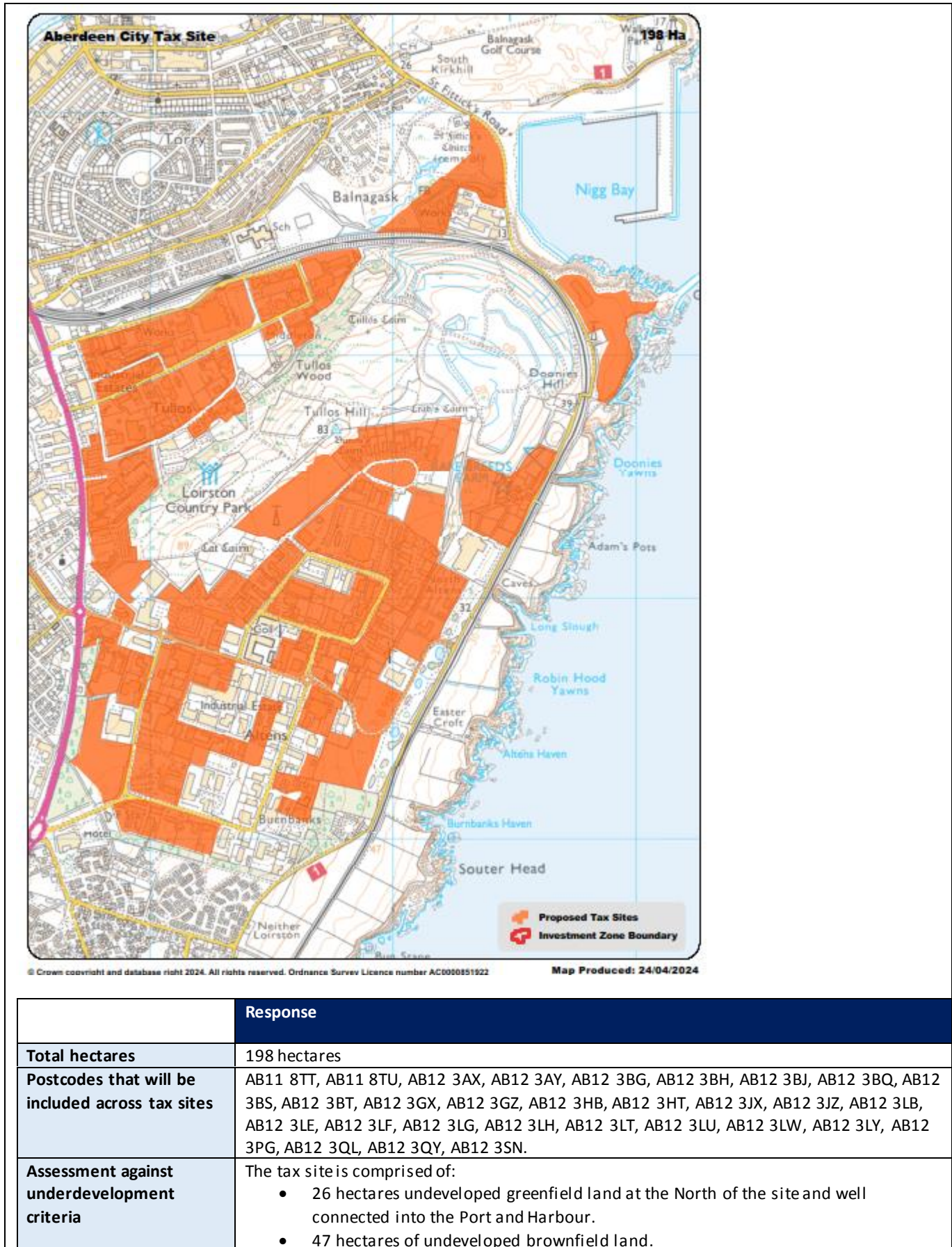
Map and up to 500 words


Tax Site 1: Aberdeen – Energy Transition Zone

⁴⁸ GERD Statistics Scotland 2021

⁴⁹ [ETZ | Aberdeen's New Energy Transition Skills Hub Set to Open in 2024... \(etzltd.com\)](https://etzltd.com)

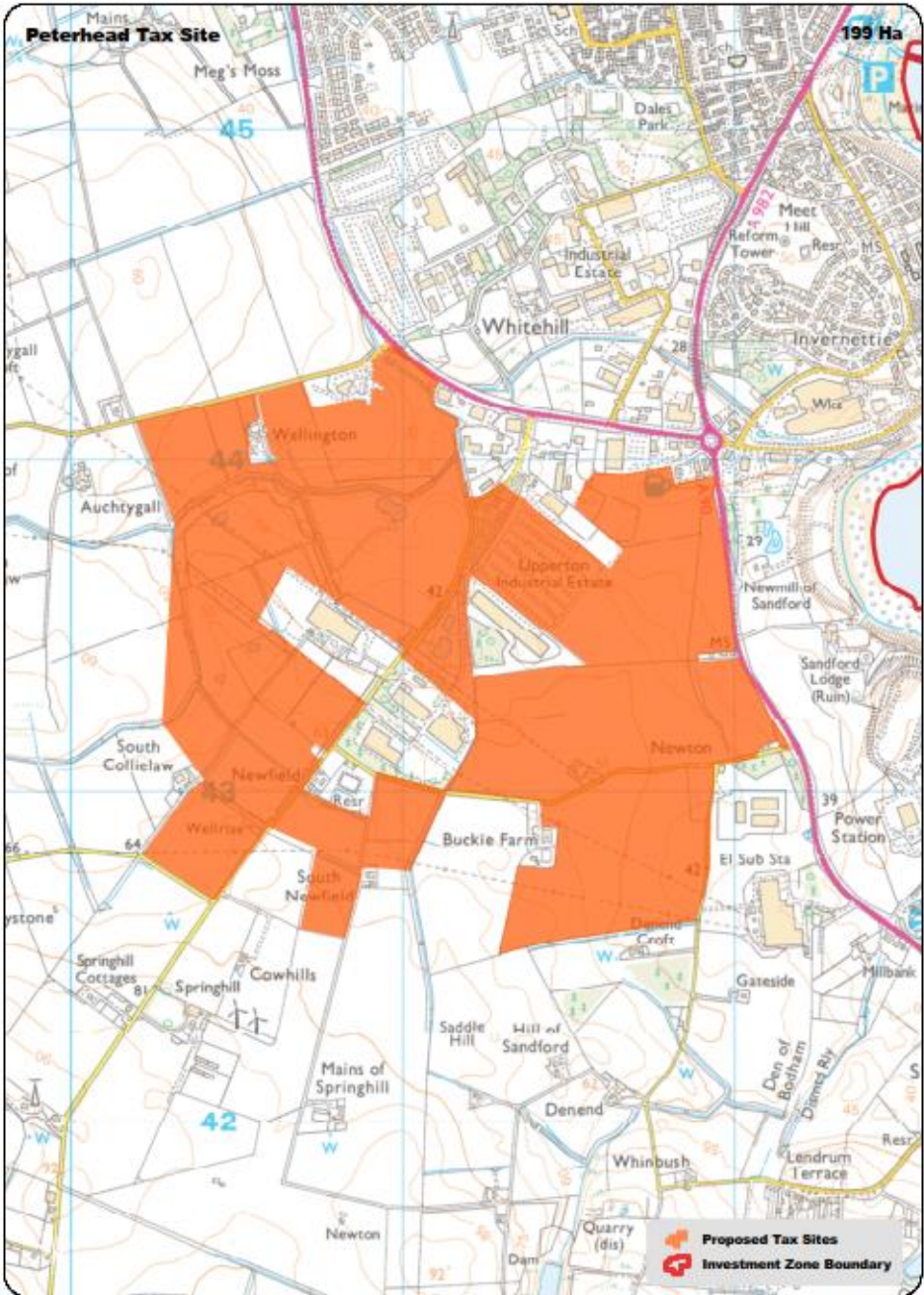
⁵⁰ [NESA | Just Transition Fund – Future Energy Skills 2023-2030 \(the-nesa.org\)](https://the-nesa.org)



	<ul style="list-style-type: none"> 125 hectares of underutilised land, comprised of either vacant buildings, buildings with lease events requiring refurbishment, or buildings suitable for redevelopment, in all cases allowing new or expanding businesses to construct, renovate, purchase or lease. <p>All tax site land is suitable for development or offer the opportunity for renovation and/or site assembly to attract new investment through either purchase or lease resulting in redevelopment of assets at the end of economic life for growth and job creation.</p> <p>A significant exercise has been undertaken to exclude all buildings that do not meet the undeveloped criteria, and those who do not have lease events in the next five years.</p>
Landowners	<p>Primary landowners are Aberdeen City Council, Shell, Port of Aberdeen and Forbes Homes Ltd who have all provided letters of support, alongside letters of support from real estate developers confirming the importance of fiscal incentives to support financial viability of future development and investment. ETZ Ltd was established to support the transition of this site and effectively manage, with its partners, the landowners on the site.</p>
Planning status of the site	<ul style="list-style-type: none"> National Planning Framework 4 designates Aberdeen South Harbour as a National Development, including regenerating existing industrial land and reorganising land use around harbour in line with LDP. Planning Permission in Principle application is pending. Aberdeen LDP 2023: Allocates land for Energy Transition Zone. There is a presumption in favour of development required to support renewable energy related industries. The ETZ Masterplan has been adopted as Aberdeen Planning Guidance January 2024. Planning Permission in Principle submitted. <p>All national and local planning policy and guidance supports the regeneration of the existing brownfield industrial estates.</p>
Agreement from landowners	<div style="text-align: center;">  Aberdeen Tax Site - Letters of Support.pdf </div>
Why tax site is needed to support proposal	<p>Land and Site Quality</p> <p>High vacancy is a common trend across the tax site, around 100,000 metres squared is currently vacant (30% of Aberdeen's Industrial Supply). Recently relinquished space is either being demolished or occupied by charities to mitigate against vacant business rates. Rateable values fell by around 20% in 2023, and 93% of properties require refurbishment and little development has taken place in recent years. Without intervention these trends will continue, however properties that have had investment to refurbish or repurpose have had success in attracting occupiers and investment.</p> <p>Viability</p> <p>The coordinated existing Investment plans underpinned by ETZ Ltd include £53m of confirmed funding from UK and Scottish Governments to deliver infrastructure improvements and innovation projects. There is significant infrastructure development of regional and national significance in the tax site, including £420m Port of Aberdeen South Harbour and Aberdeen Harbour Link Road (funded by Aberdeen City Region Deal) and will open in 2027.</p> <p>Unlocking Economic Opportunity</p> <p>The site has significant economic potential to be regenerated into an exemplar low-carbon innovation, supply-chain, and advanced manufacturing hub built on existing established cluster of energy companies such as Shell, Wood, and the Aberdeen Hydrogen Hub, a joint venture between bp and Aberdeen City Council. Letters of support have been provided from potential new investors demonstrating the opportunity. The Energy Transition Zone also holds some of the innovation assets that will leverage the deep Port and subsea assets within the boundary. ETZ Ltd are delivering significant interventions in development and innovation such as the Floating Wind Innovation Centre, Energy Incubator, Scale Up Hub and Energy Transition Skills Hub, which will enable the region to continue to support Green Energy growth and high-value jobs.</p> <p>Summary</p>


	The Tax Site is ideally timed to build on the green energy cluster and landmark investments, NESIZ status would unlock immediate investment given the strong planning context and buildings ripe for refurbishment. The proposed tax site compliments wider Investment Zone proposals and proposed Aberdeenshire tax sites, in terms of delivery timeframe and target sectors. The existing brownfield properties have an imperative role to play.
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Tax Site 2: Peterhead



	Response
Total hectares	199 hectares
Postcodes that will be included across tax sites	AB42 3AE, AB42 3AF, AB42 3AJ, AB42 3AL, AB42 3BD, AB42 3BH, AB42 3BJ, AB42 3BZ, AB42 3GL, AB42 3GT, AB42 3JH, AB42 3JP, AB42 3JQ

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Assessment against underdevelopment criteria	<p>An undeveloped site with no known constraints preventing development and expansion this site offers marine access via the Peterhead Port, closely connected to large employment zones across Peterhead and connection to Aberdeen and St. Fergus via the A90 trunk road.</p> <p>All occupied premises and any sites with significant incumbent employment have been removed from the proposed tax site, leaving only empty land and/or serviced but vacant and undeveloped sites.</p>
Landowners	<p>There are a significant number of landowners within the Peterhead Tax site. The key landowners include Scottish Enterprise, Score and SSE. NESIZ have received letters of support from landowners with a significant share of land within the tax site. The governance committee will monitor progress and continue to engage smaller landowners within the tax site as the Investment Zone develops.</p>
Planning status of the site	<ul style="list-style-type: none"> • National Planning Framework 4: Identified as an Industrial Green Transition Zone • Allocated within the Aberdeenshire Local Development Plan 2023. Appendix 7B: Settlement Statements Buchan • There is a presumption in favour of development required to support renewable energy related industries. • R2 Reserved for development related to major energy development (NPF3) • CC1 Commercial Centre • OP4 Employment Land • OP5 Employment Land • BUS4 Safeguarded for Business Uses • SR1 Strategic Reserved Land
Agreement from landowners	<div style="text-align: center;">  </div> <p>Peterhead Letters of Support.zip</p>
Why tax site is needed to support proposal	<p>Land status</p> <p>The site is undeveloped, with no known constraints preventing development and expansion. There are no planning permission or masterplans in place for this tax site.</p> <p>Viability</p> <p>Aberdeenshire Council are currently dealing with a number of pre-planning enquiries related to green energy, offshore wind supply chain and hydrogen production. Fiscal incentives, such as tax reliefs may unlock these enquiries and encourage projects from feasibility stage into development here rather than elsewhere in UK/Europe.</p> <p>Unlocking Economic Opportunity</p> <p>Despite the obvious opportunities and resources in this area, the private sector can lack confidence as a result of historic socio-economic issues and market failure. The geographical constraints of a tax site in Peterhead, along with natural synergies between industries, easy access to Peterhead Harbour, a critical mass of wind energy and network upgrades would help facilitate a cluster of skilled workforce, partnerships, innovation, and research to address common challenges facing the industry. This links to preliminary work for reopening strategic rail connectivity between Fraserburgh and Peterhead.</p> <p>Summary</p> <p>Within NPF4 Peterhead's role as an industrial green transition zone has been identified as a key strategic vehicle for industrial decarbonisation, energy generation, and the transportation and storage of captured carbon given its port access, natural access to key storage sites and connectivity to St. Fergus and Aberdeen.</p>

Please only complete 2.6 if you intend to propose NDR sites. If you do not wish to propose NDR sites, please simply include N/A in bold in that box. If you propose NDR sites, you should work with the relevant billing authorities to ensure that any growth in business rates relative to the agreed

baseline is used to support the growth of their sectoral cluster, that this is guided by a clear strategy for reinvestment, and that decisions about the use of retained business rates are taken in an appropriate, transparent way that enables you to remain responsible to UKG and SG for the overall IZ programme.

Early indication of Non-domestic Rates Retention (NDRR) sites
Question 2.6: How many NDRR sites are you proposing, if any, and where are you planning to locate those sites?
Your answer should not be longer than 500 words.
The NDRR sites are consistent with the tax sites proposed in Question 2.5. Per guidance from DLUHC, refer to Question 2.5 for further detail.

Planning

Developments will be expected to take account of the Scotland's National Planning Framework (NPF4), and the relevant local development plan for the area (which together form the development plan). Areas should look to best practice and follow innovative approaches where they would add value. These could include the establishment of project-focussed teams, proactive master-planning, use of planning protocols or processing agreements and aligning consent procedures where appropriate. We envisage each area using their core IZ funding to support this planning offer.

We expect planning interventions to contribute to physical intermediate outcomes as development sites are unlocked at a faster rate (and at a higher quality) through these activities to speed up the planning process.

Early indication of planning interventions
Question 2.7: How will your planning offer help accelerate the progress of the IZ proposal.
Your answer should not be longer than 500 words.
<p>The Peterhead Tax Site has been designated both National Development status by National Planning Framework 4 and Industrial Green Transition Zone status. The Aberdeen Energy Transition Zone Tax site lies adjacent to the Aberdeen South Harbour, also a designated National Development by National Planning Framework 4. Each Tax Site has been designated by the respective Aberdeen City and Aberdeenshire Local Development Plans as areas where development within Classes 4, 5 and 6 of the Town and Country Planning (Use Classes) (Scotland) Order 1997 as amended will be supported.</p> <p>To accelerate investment and growth within the IZ, we will develop and adopt a masterplan for each Tax Site. Masterplans will provide the framework for high-quality phased development of Tax Sites and a programme for delivery of essential infrastructure required including interventions contained within the Regional Transport Strategy. Masterplans will ensure development is situated in the right location and timing is used in the delivery of the Tax Site intervention, maximising development and investment opportunities and economic, social, and environmental value.</p> <p>Tax Site Masterplans will be developed through a co-design process with landowners. A masterplan has already been developed for the Aberdeen Tax Site and a masterplan will be developed for the Peterhead tax site. Thereafter, once Section 15 of the Planning (Scotland) Act 2019 has been enacted, masterplan consent area schemes (MCAS) will be developed for each Tax Site. An additional MCAS will be developed for a strategic housing site within Peterhead to expedite the delivery of a supply of high-quality energy efficient modern housing for the incumbent workforce associated with the development of the Peterhead Tax Site.</p> <p>MCAS act as a grant of authorisation for carrying out, within the area to which the scheme relates, development that is specified within the scheme. They remove the need to formally obtain planning permission and de-risking investment. Until Section 15 of the Act has been enacted and MCAS delivered, development within designated IZ Tax Sites will be</p>

regulated through a planning protocol developed by Aberdeen City Council and Aberdeenshire Council (planning authorities for the IZ area) and Tax Site landowners.

The planning protocol will ensure that the councils prioritise the determination of IZ planning permission applications and other associated regulatory consent applications that need to be obtained by investors/ developers. To achieve this, the protocol will ensure:

- Both councils identify a single point of contact within the respective regulatory services to deal with IZ development proposals, ensure uniformity of process and consistency of interpretation of policy and proposals to expedite the consenting process.
- A mechanism to escalate issues to senior officers when agreed timescales and actions are not being met in the interests of expeditious decision making.
- The use of Planning Performance Agreements for larger and more complex proposals, to programme manage proposals from pre-application, through to application submission, determination, and discharge of conditions.
- The councils' internal consultees provide clear consistent advice on applications and pre-application.
- Pre-application engagement at initial stages in the formulation of a project to identify issues and solutions early.

Private Sector Investment and Support

The policy prospectus set out the programme's intention to grow the private sector and ensure IZ proposals were of a scale required to leverage in private sector investment. This question is focused on understanding:

- Private sector support for the overall proposal
- Existing and future investment opportunities
- Scope to attract additional or expanding businesses

At Gateway 4 we will ask about your plans to leverage in private sector funding, so please consider that as you answer this question.

Private Investment

Question 2.8: How will the IZ proposal help to secure additional private investment?

Your answer should not be longer than 500 words.

NESIZ's proposition has been designed to align with and capitalise on the evidenced Green Energy and Digital Technology investor momentum in the region and build on SG's Shaping Scotland's Economy Inward Investment strategy. Designation of NESIZ will drive the next wave of investment in these clusters, unlocking investment in the private investment market by significantly enhancing the viability case for hard and soft infrastructure, innovation and research and expansionary investment and providing planning and funding certainty. The region has a track record in securing investment from diverse sources including:

Category	Landmark engaged investors in the region
Sector specific private investment	<p>Opportunity North East: Private sector catalyst diversifying NES's economy with a focus on digital tech.</p> <p>ETZ Ltd: Private sector-led, not for profit organisation spearheading Scotland's energy transition ambition with a focus on supporting delivery of an Energy Transition Zone in NES.</p>
Sustainable Real Estate and Infrastructure	<p>Green Volt: a £3bn 50-50 joint venture between Aberdeen based Floation Energy and Norwegian Vårgrønn in floating wind project in NES.</p> <p>Ineos: £1bn investment to power Ineo's Grangemouth plant with hydrogen made from natural gas while capturing the carbon dioxide; this will provide the tier one and supply chain opportunities needed for company growth within the Energy Transition Zone.</p>

Institutional Investors	<p>Par Equity Ventures: Launched a £100m fund to invest in digital tech companies in Scotland.</p> <p>Scottish National Investment Bank: Development investment bank established to support Scottish business to deliver environmental, social, and financial returns. SNIB has a portfolio of green energy investments, such as: Port of Aberdeen, Trojan Energy, Iona Wind Partnership amongst others.</p> <p>Green Investment Group: A specialist investor dedicated to the green transition, managing a £1bn fund targeting green energy projects across Scotland to accelerate sustainable development.</p>
VC and Angel	<p>ETZ Challenge Fund Grants: Funding ranging from £50k-250k to accelerate green energy innovation with multiple investments in NES green energy SMEs.</p> <p>EOS Advisory: A venture capital firm that invests in science, engineering, and technology sectors, leveraging its co-investment status with Scottish Enterprise to fund innovative projects.</p> <p>One Tech Hub: With a £1.5 million investment, ONE Tech Hub aims to accelerate digital tech business growth and enhance the broader entrepreneurial ecosystem in NES.</p>
Public	<p>Aberdeen City Region Deal: Focused on capitalising on economic opportunities to drive growth and diversification in the region.</p> <p>UKRI: Public body that funds research and innovation in the UK across all academic disciplines and sectors, including universities, research organisations, businesses, charities, and government departments.</p> <p>Scottish Government Emerging Energy Technologies Fund: Designed to support the development and implementation of new energy technologies in Scotland, aiming to accelerate the country's transition to a low-carbon future.</p>

All will be engaged through the NESIZ investor activities to promote the benefits of the NESIZ, activity coordinated in conjunction with Invest Aberdeen, Chamber of Commerce, ONE and ETZ Ltd to be detailed in Gateway submission 5. Further, the following table sets a shortlist of qualified, high-value investment opportunities for whom all have been engaged on prospective Tax Benefits of the NESIZ and investors who have acknowledged the importance of designation to their investment decision:

Investment opportunity	Sector	Opportunity summary	Investment status
Offshore Wind Supply Chain	Green Energy	Inward Investment enquiry associated with manufacture of anchor and mooring systems associated with offshore wind	Detailed discussions ongoing with Aberdeen selected as preferred location
Offshore Wind Supply Chain	Green Energy	Established manufacturing company seeking to develop a secondary steel manufacturing facility to meet demand from offshore wind	Detailed discussions ongoing underpinned by strong demand for product
Offshore Wind Supply Chain	Green Energy	Large multi-national supply chain company looking to expand operations in North East to support delivery of offshore wind and hydrogen projects	Recent merger and fundraise has accelerated expansion and transition plans. Initial base established within Aberdeen Tax site and discussions to progress operations facility ongoing
Offshore Wind Developer	Green Energy	Offshore Wind developer seeking to establish O&M base. Further enquiries of similar nature are also at an earlier stage	Initial discussions have taken place and expected to progress following recent consent
Offshore Wind – Supply Chain	Green Energy	Engineering, fabrication and site servicing supply chain company	Detailed discussions ongoing underpinned by strong demand for product
Hydrogen production	Green Energy	A large international energy company interested in hydrogen production and possible applications in production of emethane, emethanol in Peterhead	Detailed discussions ongoing.

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Hydrogen production & export	Green Energy	HyLion has an international network of partners developing a project to establish an end-to-end green hydrogen supply chain from Scotland to Germany	Seeking investment, with plans to be operational by 2027
Hydrogen production & export	Green Energy	£1BN project to produce liquid hydrogen and export to confirmed off-takers in Germany with associated significant supply chain benefits	Detailed discussions ongoing with FEED.
Hydrogen – supply chain	Green Energy	Established supply chain company have secured new investment and seeking to develop volume manufacturing facility for hydrogen storage	Detailed discussions ongoing with Investment dialogue continuing through 2024
CCUS	Green Energy – CCUS	International energy company seeking to establish CCUS manufacturing base in the region	In development
Large data centre	Digital Technology	An international technology company will develop a 200MW-300MW hyperscale data centre. Land search ongoing. A 200MW facility will generate 154 jobs with an average salary of £72k. CAPEX is expected to be £1.9bn	Commitments made and Phase 1 construction in 2026








The list reflects the different growth trajectories for both sectors – the Digital Tech sector is focussed on entrepreneur growth, with additional private sector investment opportunities arising in later years.

Strategic Alignment

IZ's sit within a wider set of interventions both from central and local UKG and SMG. This ranges from local initiatives, such as the work of job centre pluses, local skills improvement plans and local business/sector initiatives, to strategies such as the [NSET](#), [SG's National Innovation Strategy](#), [UK Science and Technology Framework](#), [the UK's technology strategy](#), and major planned infrastructure. Please use the answer to this question to consider how your IZ proposal can align with and amplify existing local and national strategies to support the programme's aims wherever possible.

REPs should also, throughout the design and delivery of their IZ proposal, ensure that is done in a way to ensure additionality.

Strategic assessment		
Question 2.9: How will the IZ interact with other live policy interventions?		
Your answer should not be longer than 250 words.		
Local and national economic policy has been a fundamental consideration for the regions Investment Zone ambitions, with complementarity assessed below:		
Policy	Complementarity	Basis for Assessment
National Policy		
Scotland's National Strategy for Economic Transformation (NSET)	 High	The NSET commits to strengthening Scotland's position in new markets (e.g., hydrogen, offshore wind, CCUS) and boosting Scotland's contributions to the digital revolution. The IZ can help meet these commitments due to its unique physical, enterprise and innovation capabilities. NESIZ will be a key delivery vehicle for the NSET Productive Businesses and Regions ambitions, directly realising the ambitions of

		Project 10: unlocking the potential of the economic and community assets and strengths of Scotland's Regions.
National Just Transition outcome	 High	NESIZ will contribute directly toward the Scottish Government's National Just Transition Outcomes through accelerating decarbonisation in the NES whilst supporting innovative technologies to commercialise, ready for export across Scotland, the UK and internationally.
Scottish Government's Fair Work First Policy	 Medium	The governance of the Tax Sites will facilitate a key interface with individual tenants to allow Government policy to be embedded; for example, all businesses within the NESIZ will be supported to build capacity around the principles of Fair Work First, ensuring jobs are high-quality and attractive, including groups traditionally underrepresented and facing barriers to employment.
Scotland's AI Strategy	 High	The Scottish AI Strategy is designed to foster investment in the AI ecosystem and facilitate the transition to an AI-enabled economy. This speaks directly to the ambitions of the Digital Tech sector. Additionally, the NESIZ capability strands in AI powered asset management systems providing round-the-clock snapshot of an Energy assets performance condition and future states of safety-critical systems targeted by the AI strategy.
UK and Scottish Government's Innovation Strategies	 High	The strategies set the vision and supports UK's (and Scotland's) research, development and innovation system. The Scottish strategy specifically speaks to the need to create value for all aspects of society, including developing a road map to Net Zero. This speaks directly to the ambitions of NESIZ, and the interconnectivity between the sectors.
Entrepreneurial Campus Blueprint for Scotland	 Medium	NESIZ will be a key delivery vehicle for the Scottish Government Entrepreneurial Campus Blueprint which also integrates with NSET. The Blueprint captures the role of the higher education sector as a driving force for the entrepreneurial ecosystem.
Regional Policy Initiatives		
North East Regional Economic Strategy 2035	 High	NESIZ delivers on objectives 1, 2 and 3 of the RES; placing the region as a pioneer of energy transition and digital tech, diversifying the economy, maintaining its share of Scotland's overall GVA and increasing economic participation; mitigating the risk of employment displacement out of the region as oil and gas production declines.
Aberdeen City Region Deal (ACRD)	 High	The IZ will leverage the physical investments already supported by the ACRD, including key transport projects (including Aberdeen Port), the energy innovation investment in NZTC, SSCE and university investment to drive technology to develop a specialist high-value supply chain.
<p><i>Steps to support additionality and mitigate displacement.</i></p> <p>NESIZ recognises the risk of displacement and will design a number of safeguards within its Governance model, for example through undertaking investment assessments and withholding levers. The Governance design will be detailed in Gateway submission 3.</p>		

Objectives

IZs are about boosting productivity, providing more high priority jobs in places and levelling up the economy. As you answer this question you should consider the specific objectives you intend to deliver through an IZ and how these will contribute towards the overall programmes objectives as set out in the prospectus:

- Growing strengths in national priority sectors;
- Addressing economic disparities that persist between and within regions.

You should set out how your IZ will:

- Boost productivity in the region
- Increased real earnings for high and low skilled workers within the region
- Increased international competitiveness of companies within the cluster
- Internationally demanded new technologies

You should begin to consider how the objectives you described at this stage will influence the interventions you pursue and the outputs/outcomes you will focus on delivering.

Outcomes
<p>Question 2.10: Taken together, how will the sectoral focus and geography of IZ intervention support the overall IZ programme objectives?</p> <p>Your answer should not be longer than 500 words.</p> <p>NESIZ has ambitions to deliver on all of the IZ objectives.</p> <p>Target 1: Boost productivity in the region</p> <p><i>Protecting and boosting productivity</i></p> <p>NES has witnessed a decline in its working-age population (16-64) of 4% (~14,000 individuals) in six years, in contrast to Edinburgh and Glasgow which have increased 5%. Worker productivity in NES, once the highest in Scotland, has been falling with real GVA per head at £31,586 in 2021 the lowest it has been since 2005, bar 2020. The prospective productivity benefits realised through NESIZ focus on innovation, digitalisation and automation therefore offer an alternative route to maintaining cluster productivity beyond relying on new job migration.</p> <p><i>Developing commercial and industrial space</i></p> <p>The target clusters will attract new and expansionary investment both directly through bringing c.350 hectares of undeveloped land into effective employment use, and indirectly through wider supply chain benefits in the region. 199 hectares at the Peterhead Tax Site will be converted from vacant and undeveloped land into thriving Offshore Wind, Hydrogen and Alternative Fuel high-density employment sites. In Energy Transition Zone 112 hectares of greenfield and brownfield land will secure the investment required to unlock more economically productive land use, alongside 70 hectares of vacant and poorly utilised sites; form a dense and concentrated supply chain at the site focused on green energy activity and supporting high value manufacturing, supply chain development and innovation.</p> <p>Target 2: Increase real earnings for high and low skilled workers within the region</p> <p><i>Increasing regional earnings</i></p> <p>Although the regional has a strong GVA and average earnings levels, it faces significant headwinds; in 2022 and 2023 regional average real wages declined faster and further than they did nationally. Increasing real earnings for low skilled workers is critical given the region has a higher rate of those employed in low-skilled jobs (16.1%) compared with Scotland (15.1%); the UK (15%); Glasgow City (13.7%) and City of Edinburgh (8.4%). The NESIZ will reskill existing and new workforces to provide the 14,000 needed by 2030 to transition to renewable energy role and meet the demand of the growth in digital tech sector with new skills and career pathways developed to provide access to jobs with higher-than-average earnings.</p> <p><i>Foreign Investment Potential for Wage Uplift</i></p> <p>Aberdeen places 8th in the UK's largest recipients for inward investment in the last five years⁵¹ and it is 7th in the City UK Competitiveness Index⁵². OECD research recognises the positive effects FDI has on host countries' labour markets, with wage increases corresponding with skill levels and productivity uplifts. Evidence indicates that positive wage effects tend to be concentrated among employees of multinational enterprises (MNEs), relevant for NESIZ given the presence of BP, Shell and SLB already operational in NES, this research identifies a small positive impact on wages in domestic firms participating in the supply chains established by MNEs⁵³, fundamental to the NESIZ proposition.</p>

⁵¹ EY European Investment Monitor (EIM) 2018-2022

⁵² UK Competitiveness Index 2023

⁵³ OECD Impact of FDI on Wages, 2008

Target 3: increase international competitiveness of companies within the cluster

Emergent Green Technologies require subsidies to provide certainty for investment and trialling, the NESIZ incentives allows Scotland to compete in an international market shaped by the US Inflation Reduction Act. Principally the flexible spend available to the IZ would accelerate growth of Digital Tech firms in NES and enable them to compete more vigorously in the global marketplace. Floating offshore wind and green hydrogen projects are transitioning from pre-commercial to commercial deployment, thereby gaining a first mover advantage. This shift is enhancing the supply chain capability and boosting the export potential of these technologies. This will be supported by Scottish Enterprise's approach to demand-led innovation in these energy sectors, which will focus on demand validation and value chain mapping, collaboration with industry, Open Innovation portals and integrating the customer (company) journey across innovation products and services.

Additionally, the collaboration and wider supporting ecosystem benefits that the IZ can drive, will grow the number of innovations, and build the profile of the area as a key tech hub, and the attention of digitally focused financial analysts and investors needed to further enhance inward investment. In a sector where firms are highly flexible regarding the location of technology centres and development teams, entrepreneurial education, skills base, tax advantages, international collaboration, and financing support all play a key role. Importantly, the IZ will support the region's repositioning from an oil and gas-based economy to a green energy economy.

Target 4: internationally demanded new technologies

Reinforced by NESIZ status, both clusters have the right components, agglomeration opportunities and innovation networks to drive export growth, irrespective of the pace of domestic programmes such as Acorn. In particular, the solutions designed for new technologies like offshore floating wind and green hydrogen that drive down costs, increase efficiency and support deployment at scale, present significant exportable growth opportunities. For example, the recent ONE DT Business Growth Programme (Cohort 2) comprised primarily SaaS and/or product focused enterprises; 71% had international customers that made up an average of 44% of sales from markets across USA, Canada, Middle East/Gulf States, Norway, Netherlands, Spain, Sweden and Africa. Operating predominantly in EnergyTech (71%) most of the companies have recurring revenues over £1m and up to £10m. Two relevant regional success case studies include:

- **Solab IT Services – Onboard Tracker™** – a SaaS product for workforce utilisation and management software in energy, renewables and marine sectors; at the end of 2023 – 100,000 Energy, Renewables, and Marine personnel across 110 countries, spanning 8000+ on and offshore sites. Including Apache, CRC Evans, Stena Drilling, Score Group, Archer, James Fisher. Onboard Tracker™ has not only streamlined clients' processes but has also fortified its position in the global market.
- **Fennex** – leveraging data and AI to deliver efficiencies, leaner, safer operations and a lower carbon footprint. Key markets are oil & gas, offshore wind, carbon capture & hydrogen, since 2020/21 Fennex has quadrupled revenues, with 70% of revenues driven from international sales and are targeting £10m in international sales by 2028.

Such case studies evidence the underlying innovation assets that require the scale up, skills and profile support offered by the IZ, building on the Digital Supply Chain capabilities referenced in 2.1 such as Energy Management Systems (EMS), Renewable Energy Monitoring and Management: Smart Grid Solutions and Blockchain-enabled Energy Platforms. Simulation modelling, test and demonstration and surrounding multi-scale modelling capabilities initiated in the NESIZ can be deployed in other green transition zones such as the US and Scandinavia.

Research Institution

IZ proposals should be co-designed and to ensure that a relevant local research institution will need to co-sign the final proposal. You should be able to evidence this as you proceed through the gateways.

Each IZ is expected to ensure strong collaboration between UKG and SG, industry and research institutions. As you consider which of your research institutions (it can be more than one) will

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provide sign off, please think about how your IZ proposal can be used as an opportunity to leverage the role of universities, colleges and local research institutions.

This could include nurturing and supporting local talent, building knowledge networks, collaborating on research commercialisation, and supporting scaleup and adoption of promising innovations following spinout to raise the productive potential of the whole area. We envisage this will mean establishing and leveraging partnerships with research institutions in the same functional economic area; however, we are open to additional collaborations over a longer distance.

Research Institution Co-Sign	
Question 2.11: Considering the focus of your IZ, which research institution(s) will co-sign your IZ proposal?	
<p>Your answer should not be longer than 250 words.</p> <p>UoA and RGU are the two TRAC based institutions who will cosign the NESIZ proposal. The other co-signatories are Aberdeen City Council, Aberdeenshire Council and ONE.</p> <p>An introduction to their research specialisms is below:</p>	
Sector Applicability	Appropriateness of partnership application
University of Aberdeen	
UoA has a significant focus on Data & AI and Green Energy, as outlined in the Aberdeen 2040 Strategy ⁵⁴ .	Founded in 1495, the University of Aberdeen is a broad-based research-intensive institution. Key assets supporting the Green Energy sector include the Interdisciplinary Centre for Energy Transition, the National Decommissioning Centre (a partnership with the Net Zero Technology Centre), the Centre for Applied Dynamics Research, and the Fluid Mechanics Research Group (which plays a key role in advancing renewable energy technologies). The University also has a world-wide reputation in AI-related research (stretching back nearly 60 years), is a member of the UK's Turing Network and through its Interdisciplinary Centre for Data and AI is home to several major UKRI investments, including the SUSTAIN Centre for Doctoral Training.
Robert Gordon University	
The sectors are embedded within RGU's published Strategy and have been the University's sectoral focus for many years	A University based in Aberdeen, RGU is recognised not only for its sectoral strengths of Energy, Digital and AI, and Health but also its inter-disciplinary focus, industry connectivity and entrepreneurial approach. This is illustrated through its research and teaching but also its nationally leading Centres which include: RGU Energy Transition Institute which advises government and industry on the investment, people and skills required across the energy sector to meet the energy trilemma of security, affordability and net zero; the National Subsea Centre, a partnership with the Net Zero Technology Centre, focussed on development of novel AI, digital and engineering technologies; the Visualisation Solutions Centre which uses immersive technologies to support decision making, building on the University's simulation suite; and its Entrepreneurship and Innovation Group which drives innovation across the University and with external partners.

⁵⁴ [Interdisciplinary Challenges | Aberdeen 2040 | The University of Aberdeen \(abdn.ac.uk\)](#)

Decision Making


Decision Making

Question 2.12: Can you provide your initial thoughts on what your decision-making structure might look like for delivering the IZ? You can propose using or evolving existing structures to manage and monitor the design and delivery of the IZ.

Your answer should not be longer than 250 words.

The region has demonstrable evidence of effective governance structures incorporating the public and private sector through the Aberdeen City Region Deal which has a Joint Committee which has instructed officials to consider option to expand its remit*. Options for NESIZ delivery will be developed at Gateway 3 with the organisations set out below who are engaged in the development phase.

Development Structure of the Investment Zone submission

 This image cannot currently be displayed.

Co-Signatories

Aberdeen City Council (ACC)** includes the Council acting as Planning and Billing Authority, Aberdeenshire Council*** includes the Council acting as Planning and Billing Authority, UoA, and RGU, together with Opportunity North East Ltd (ONE).

Both local authorities and ONE agreed with their respective Councils/Boards:

- The governance structure to oversee the development of the Investment Zone.
- That the final submission be brought back to Council/Board for approval (Summer 2024).
- That Aberdeenshire Council be the accountable body for the Investment Zone.
- Nominated elected members/board members to the Steering Group.

Given their role as research institution co-signatories, the University Court of the UoA and the Board of Governors of RGU will expect to be consulted prior to signing of the submission of the bid.

Steering Group Members	Working Group Members
<ul style="list-style-type: none"> • ONE (Chair) • Aberdeen City Council¹ • Aberdeenshire Council¹ • UoA • RGU • North East Scotland College (NESCOL) • Scottish Enterprise • Aberdeen and Grampian Chamber of Commerce • Sector Representatives: <ul style="list-style-type: none"> ○ Digital Technology 	<ul style="list-style-type: none"> • Aberdeenshire Council² (Chair) • Aberdeen City Council² • UoA • RGU • ONE • North East Scotland College (NESCOL) • Scottish Enterprise • Skills Development Scotland • James Hutton Institute • ETZ Ltd

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<ul style="list-style-type: none">○ Energy (2)○ Food, Drink & Agriculture○ Life Sciences	<ul style="list-style-type: none">• Net Zero Technology Centre• Fraserburgh Harbour• Peterhead Port Authority• Port of Aberdeen• AGS Airports
<p>¹ Elected Members</p> <p>² Officials</p> <p>Sub-Groups and Consultation</p> <p>Other stakeholders are being brought into sectoral workstream activities, including the Offshore Renewable Energy Catapult and CodeBase and Datalab.</p> <p>* ABERDEEN CITY COUNCIL (moderngov.co.uk)</p> <p>** North East of Scotland Investment Zone Proposal.pdf (aberdeencity.gov.uk)</p> <p>*** 12 IZ Reportv.02.pdf (moderngov.co.uk)</p>	

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**North East Scotland Investment Zone
JOINT COMMITTEE
Draft TERMS OF REFERENCE**

The North East Scotland Investment Zone North East Scotland Investment Zone Joint Committee is a Joint Committee established by Aberdeen City Council and Aberdeenshire Council (the "Constituent Authorities") under sections 56 and 57 of the Local Government (Scotland) Act 1973.

The creation of the Joint Committee represents the joint commitment of the Constituent Authorities, Opportunity North East, University of Aberdeen, and The Robert Gordon University to support and oversee the implementation of the North East Scotland Investment Zone .

In particular it shall have the power to:

1. Approve Business Cases for North East Scotland Investment Zone projects and any other related documentation with the exception of those where approval is reserved to either or both of the Constituent Authorities.
2. Make recommendations to the Constituent Authorities in respect of projects within the North East Scotland Investment Zone Strategic and Policy plans.
3. Monitor the effectiveness of the implementation and the delivery of the North East Scotland Investment Zone and to report to the Constituent Authorities on progress.
4. Receive updates from the UK and Scottish Governments in connection with any aspect of the North East Scotland Investment Zone
5. Approve the overall programme funding for the North East Scotland Investment Zone;
6. Provide feedback to the Scottish Government or the United Kingdom Government on the implementation of the North East Scotland Investment Zone and any strategic, economic or infrastructure activities associated with the Investment Zone.
7. To appoint one representative and one named substitute of any non Local Authority body agreed to the membership of the Joint Committee.

These terms of reference will be kept under review by the Constituent Authorities, and the Joint Committee throughout the implementation of the North East Scotland Investment Zone to ensure sufficient accountability of public funds provided through North East Scotland Investment Zone funding.

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**North East Scotland Investment Zone
JOINT COMMITTEE**

Draft STANDING ORDERS

Introduction

1. The North East Scotland Investment Zone Joint Committee (the Joint Committee) is a joint committee created under sections 56 and 57 of the Local Government (Scotland) Act 1973.
2. These standing orders have been approved by Aberdeen City Council and Aberdeenshire Council (the “Constituent Authorities”) and take effect from 1st February 2025.

Membership

3. The Joint Committee will consist of the following voting members:
 - three elected members of Aberdeen City Council;
 - three elected members of Aberdeenshire Council;
 - one member of ONE;
 - one member of University of Aberdeen; and
 - one member of the Robert Gordon University
4. Each Constituent Authority and other members may also have up to three named substitutes.
5. The Joint Committee will appoint a member of the Constituent Authorities to be Chairperson.
6. The Chairperson shall be appointed for a period of one year.
7. The Chairperson will alternate between the Constituent Authorities.
8. The Joint Committee will appoint a Vice Chairperson from the Constituent Authority that does not have a member appointed as Chairperson.

Term of Office of Members

9. Members shall be appointed to the Joint Committee for the period up to the next local government elections.
10. A member of the Joint Committee may only be a member for as long as they hold office as a councillor or as a member of ONE, University of Aberdeen, or the Robert Gordon University, as the case may be.
11. A member may be reappointed following the end of their term of office.
12. A member may resign their membership of the Joint Committee at any time by giving the Joint Committee, Aberdeen City Council, Aberdeenshire Council, ONE, University of Aberdeen and the Robert Gordon University written notice.

13. The resignation will take effect with immediate effect.

Removal of Members

14. If a member has not attended three consecutive meetings of the Joint Committee, and such absence is not due to illness or other reasonable cause as the Joint Committee may determine, the Joint Committee may agree to recommend to the Constituent Authorities, ONE, University of Aberdeen and the Robert Gordon University, that the member be removed from the Joint Committee.

Standing Orders

15. All meetings of the Joint Committee shall be regulated by these standing orders.
16. Any amendments to these standing orders shall require the approval of the Constituent Authorities and must be carried out in consultation with ONE, University of Aberdeen and the Robert Gordon University.
17. Any amendments to these Standing Orders shall be effective only after both Constituent Authorities have accepted the amendments after consultation with ONE, University of Aberdeen and the Robert Gordon University.
18. Except where prohibited by statute, it shall be competent for a member at any time during a meeting to move suspension of the whole or any specified part of these Standing Orders and such a motion, if duly seconded, shall be put to the vote immediately without discussion.

Calling Meetings

19. The first meeting of the Joint Committee will be at a time and place determined by the Constituent Authorities.
20. Thereafter, the Joint Committee shall agree a timetable of meetings for the following twelve months.
21. Notwithstanding Standing Order 20 the Chairperson and Vice Chairperson may agree to fix such additional special meetings as they think appropriate, including meetings in a case of urgency where a reduced period of notice may be given, and shall endeavour to take account of the availability of members in so doing.
22. The Chairperson (or Vice Chairperson if the chairperson is unavailable) shall be permitted on giving notice to cancel, change the date, time or location of any agreed meeting.

Notice of Meetings

23. At least five working days prior to each meeting of the Joint Committee or one of its sub committees, a summons to attend the meeting specifying the time, place and business to be transacted at it signed by the relevant officer at Aberdeen City Council or Aberdeenshire Council and shall be sent electronically to every member or sent to

the usual place of residence of every member. A notice of the time and place of the intended meeting shall be published at the Head Office of each of the Constituent Authorities.

- 24.** A failure to serve notice of a meeting on a member in accordance with Standing Order 23 shall not affect the validity of anything done at the meeting.

Business

- 25.** The summons will include an agenda of items of business which shall be considered in the order in which they are listed except where the Chairperson, at his or her discretion, may determine otherwise.
- 26.** Except where required by statute, no item of business shall be considered at a meeting unless a copy of the agenda including the item of business and any associated report has been open in advance to inspection by members of the public in terms of the Local Government (Scotland) Act 1973 or, by reason of special circumstances which shall be recorded in the minute, the Chairperson is of the opinion that the item should be considered as a matter of urgency and at such stage of the meeting as the Chairperson shall determine.

Quorum

- 27.** No business is to be transacted at a meeting of the Joint Committee unless at least six of the members are present including at least two members from each Constituent Authority.

Conduct of Meetings

- 28.** At each meeting of the Joint Committee, the Chairperson, if present, shall preside.
- 29.** If the Chairperson is absent from a meeting of the Joint Committee, the Vice-Chairperson shall preside.
- 30.** If the Chairperson and Vice-Chairperson are absent from a meeting of the Joint Committee, those members present shall appoint a member of the Constituent Authorities present to the Chair.
- 31.** The Joint Committee may agree to adjourn a meeting to another date, time or place if it is necessary or expedient to do so.
- 32.** Subject to the Member notifying the Clerk at least 4 hours (or, if this is not possible, as soon as practicable) in advance of the meeting and availability of suitable facilities, the Chairperson (whom failing, the Vice Chairperson) may direct that any Member who is unable to attend, or cannot reasonably be expected to attend, a meeting in person may participate from a remote location by video or other communication link. For the avoidance of any doubt, such participation includes voting. A Member remotely participating in this way is referred to in this Standing Order as a "Remote Member".
- 32.1** In exceptional circumstances, the Chairperson (whom failing, the Vice Chairperson) may direct that a meeting shall be conducted solely by means of the participation of Remote Members. Such a direction may be made during a meeting or otherwise and

may specify which mechanism of remote participation (including specifying which software) may be used.

32.2 Remote Members will be counted for the purposes of determining whether there is a quorum and will also be able to participate in any vote.

32.3 Where the Chairperson is participating remotely, the Vice Chairperson will take the Chair, except where the Vice Chairperson is also participating remotely or a direction has been made under Standing Order 32.1 in respect of that meeting.

32.4 Except where a direction has been made under Standing Order 32.1 in respect of that meeting, the Member chairing the meeting must be physically present at the meeting venue, therefore where both the Chairperson and Vice Chairperson are participating remotely or have sent apologies, Members present at the meeting venue will appoint a Chairperson to chair the meeting from amongst their number.

32.5 In the event that no agreement is reached between those Members present, the decision will be taken by means of a procedural motion.

33. Standing Order 32 will apply in respect of items on the agenda which contain confidential or exempt information. Any Remote Member must confirm that they are in a secure private location, and that no-one else is able to hear or view the proceedings from the device being used by that Remote Member, before they can participate in the Joint Committee's consideration of any confidential and/or exempt items of business.

33.1 Any Remote Member who has declared an interest in an item and withdrawn must pause/exit the video/communication link whilst the item is being considered. The Clerk will inform/re-invite the Remote Member (whether by email or otherwise) when to re-start the link and resume their participation.

34. It shall be the duty of the Chairperson to:

- preserve order and ensure that any member wishing to speak is given due opportunity to do so and to a fair hearing;
- allow officers and advisers to be heard freely; and
- decide on all matters of order, competency and relevancy.

35. The ruling of the Chairperson on all matters in these standing orders shall be final.

36. Deference shall at all times be paid to the authority of the Chairperson.

37. The Chairperson shall be heard without interruption and all members shall address the Chairperson when speaking.

38. If, in the opinion of the Chairperson, any member acts in an obstructive or offensive manner, the Chairperson may with immediate effect move that the member be suspended for the remainder of the meeting. After seconding, the motion shall be put without debate and if carried, the member shall be required to leave the meeting room (including any public area or gallery) and may be removed if they fail to comply.

39. The Chairperson may require the removal of any member of the public whose presence or conduct impedes or may be likely to impede the proceedings at any meeting. The Chairperson may determine that a warning shall be given before ordering the removal of any member of the public.
40. The Chairperson will ensure that the decisions of the meeting are clear with regard to all matters which form the business of the meeting.

Minutes

41. A record must be kept of the names of the members attending every meeting of the Joint committee.
42. Minutes of the proceedings of each meeting of the Joint Committee including any decision made at that meeting, are to be drawn up and submitted to the subsequent meeting of the Joint Committee for agreement after which they must be signed by the person presiding at that meeting.

Voting

43. Each motion put to a meeting of the Joint Committee shall be decided by a majority of the votes of those members present and entitled to vote.
44. Motions and amendments shall be moved and seconded.
45. Votes shall be taken by roll call except where an electronic voting system is available, in which case it shall be used in preference to any other method.
46. If the members of the Joint Committee agree unanimously prior to a vote on any particular matter, a vote may be taken by a show of hands.
47. Where there is an equality of votes, the Chairperson shall exercise a second or casting vote except where the division relates to the appointment of a member of the Joint Committee to any office or sub-committee or outside body, in which case the matter shall be determined by lot.
48. Any member may request the recording in the minutes of his or her dissent from any decision after the result of the division has been announced.

Alteration or Revocation of Previous Decision

49. No decision of the Joint Committee shall be altered or revoked within six months of it having been taken unless a recommendation to that effect is approved by the Joint Committee, and any such alteration or revocation shall have no retrospective effect.

Register of Interests and Code of Conduct

50. The Constituent Authorities shall keep a register of interests made by Members, including co-opted Members. The register of interests shall be open to inspection by

members of the Public.

51. A member should not accept any gift or consideration of any kind as an inducement or reward for doing or for refraining from doing or for having done or refrained from doing any action in relation to the City Region Deal as to do so could result in that member having committed an offence under the Bribery Act 2010.
52. All members of the Joint Committee must comply with the terms of the Councillors' Code of Conduct provided for under the Ethical Standards in Public Life etc. (Scotland) Act 2000.
53. It is the responsibility of each member to determine if they require to declare an interest and withdraw from the meeting, having taken advice from officers beforehand should they wish.
54. A Member must withdraw from the Meeting Room, including the Public gallery, where he or she has declared an interest that prevents him or her from participating in the discussion of, and voting on, the item.

Admission of Press and Public

55. The Public must be excluded from a Meeting when an item of business is being considered and it is likely that, if the Public were present, Confidential Information would be disclosed to them in breach of an obligation of confidence in terms of section 50A(2) of the Local Government (Scotland) Act 1973 as enacted by the Local Government (Access to Information) Act 1985. A report falling into this category will:
 - be marked as containing confidential information;
 - carry a restricted watermark; and
 - be printed on green paper.
56. The Public may be excluded from a Meeting by resolution of the Joint Committee when an item of business is being considered, if it is likely that Exempt Information would be disclosed to them which would fall within the categories specified in Part 1 of Schedule 7a of the Local government (Scotland) Act 1973, as enacted by the Local Government (Access to Information) Act 1985. Any such resolution shall specify the part of the proceedings to which it relates and the categories of exempt information involved shall be specified in the minutes. A report containing exempt information shall:
 - specify the category involved;
 - carry a restricted watermark; and
 - be printed on green paper.
57. The provisions of the Data Protection Act 1998 shall apply to meetings of the Joint Committee and any relevant reports shall:
 - be marked as containing data protected information;
 - carry a restricted watermark; and
 - be printed on green paper

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North East Scotland Investment Zone - Programme Board
DRAFT Terms of Reference

Purpose
<p>The Board will advise on the overall direction of the North East Scotland Investment Zone and delivery of the key interventions and outputs. It will also provide input to the overall strategic direction to ensure that the economic benefits from the Programme are maximised across other regional economic development and infrastructure delivery.</p> <p>The Board will report to the North East Scotland Investment Zone Joint Committee.</p>

Meeting Frequency	Quorum
The Programme Board will meet in advance of North East Scotland Investment Zone Joint Committee – Quarterly or by request, for urgent Business	Chairperson (or nominated other) and 3 others

Remit and Responsibilities
<ul style="list-style-type: none"> ➤ Coordinate and monitor the delivery of projects put forward by the agreement of the two Governments and the North East Scotland Investment Zone Joint Committee subject to approval of business cases; ➤ Recommend for approval business cases and other key project stages, changes and exceptions to North East Scotland Investment Zone Joint Committee; ➤ Recommend for approval the North East Scotland Investment Zone's finances, budget approvals and overall financial management; ➤ Ensure the conditions of annual Grant Offer Letter or Memorandum of Understanding with Government have been met; ➤ Ensure that the overall programme is making progress against the objectives set by the North East Scotland Investment Zone Joint Committee and likely to succeed within the key milestones and all relevant information is produced for the North East Scotland Investment Zone Joint Committee; ➤ Agree and consult, where appropriate, mandatory and other monitoring reports to either or both the UK and Scottish Governments; ➤ Assist the Programme Manager(TBC) in delivery by removing any constraints and addressing other issues escalated by the Programme Manager(TBC); <p>Delegations</p> <p>Under local government legislation, delegated authority must be to an Officer of a Council or to one of its committees or subcommittees¹.</p>

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¹ section 56(1) of the 1973 Act.

North East Scotland Investment Zone Joint Committee delegate authority to (An Officer(s) to be identified and agreed by Joint Committee at a later date) who will also Chair the North East Scotland Investment Zone Programme Board to:

- a. Approve and submit, following consultation with the North East Scotland Investment Zone Programme Board, and the Chair and Vice Chair of North East Scotland Investment Zone Joint Committee, any non-material change requests (as defined in North East Scotland Investment Zone change control process document) which are submitted or required in relation to North East Scotland Investment Zone Projects within the scope of the Grant Offer letter from the Scottish Ministers.
- b. Submit reports, mandatory or otherwise following consultation with the North East Scotland Investment Zone Programme Board, required in relation to North East Scotland Investment Zone Projects by request from the United Kingdom or Scottish Governments, or both.

Membership

- Aberdeen City Council, Chief Officer of City Development & Regeneration (Chairperson)
- Aberdeenshire Council, Director of Environment & Infrastructure Services
- Aberdeenshire Council, Head of Service, Planning and Economy
- Aberdeenshire Council, Head of Finance
- Opportunity Northeast, Chief Executive
- University of Aberdeen, TBC
- The Robert Gordon University, Vice-Principal, Economic Development
- Scottish Enterprise, TBC
- Energy Transition Zone Ltd, Chief Executive
- North East Scotland Investment Zone Programme Manager
- Aberdeen City and Aberdeenshire Council Legal representatives

Support Arrangements

Depending on the business of the Programme Board, it is anticipated that other stakeholders involved in the delivery of approved North East Scotland Investment Zone Projects would be asked to attend specific Programme Board meetings, for example project specific input will be required for each workstream depending on the agenda of the Programme Board.

Additional support or papers from other services or partners will be provided as and when required and will be co-ordinated by the Programme Manager(TBC).

Governance and Reporting Arrangements

1.

- The Programme Board is chaired, in accordance with its Terms of Reference, by An Officer(s) to be identified and agreed by Joint Committee at a later date.
- The Board will report progress to the United Kingdom and Scottish Governments on a quarterly basis or as otherwise instructed by the annual Grant Offer Letter or Memorandum of understanding agreed with Government.
- To protect aspects of commercial sensitivity, Programme Board meetings will be conducted in private. Progress against each project will be provided to the Programme Board via a Quarterly Programme Report including Appendix 1 outlining Programme summary in relation to Milestones, Benefits, Finance and Risk. Recommendations for actions/decisions required from the Programme Board and Joint Committee.
- The Programme Manager(TBC) will produce and submit the updated Quarterly Programme Report.
- The Programme Board will also receive reports, via the Programme Manager(TBC), in relation to the project management framework: Define: Plan: Implement Close & measure (proposals, option appraisals, business cases, project close, benefits realisation, lessons learnt) for approval.
- Responsibility for delivery for each Project within the Programme will be under each of the themes (Green Energy, Digital Tech, Tax Sites). These working groups shall provide a lead officer who will work with and be supported by the Programme Manager(TBC).
- The role of the Programme Board is to monitor, consult and to recommend action to the Joint Committee. However, in some operational circumstances, Project Leads provide change requests submitted to United Kingdom and Scottish Governments to consult with the Chair of the Programme Board and Programme Board. Such as when the change is being considered as non-material change (e.g. there has been a slight delay in the project or a drawdown of funding is required for a specific purpose and that change does not change the original business case approved by the Joint Committee), officers may need to take specific actions as defined in North East Scotland Investment Zone change control process document.
- Where the Programme Board and Chair of the Programme Board ensure that the overall programme is making progress highlighting the key milestones, considering and taking specific actions in some operational circumstances, approve and submit non-material change requests in consultation and agreement with to both Governments, they provide full summary to the North East Scotland Investment Zone Joint Committee for noting within the Quarterly Programme Report.
- Where material changes are identified the Programme Board ensure reported Change Request produced and recommended for the Joint Committee decision making.
- Supporting development and implementation, the North East Scotland Investment Zone stakeholders will commit to ensuring that the relevant resource is allocated to these specific projects.

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	11 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Governance Review of Trusts – 2024 Update
REPORT NUMBER	CORS/24/350
DIRECTOR	Andy MacDonald and Gale Beattie
CHIEF OFFICER	Alan Thomson/Vikki Cuthbert and Julie Wood
REPORT AUTHOR	Steven Inglis and Helen Fothergill
TERMS OF REFERENCE	10 & 21

1. PURPOSE OF REPORT

- 1.1 To seek approval to establish a new charitable trust (“Aberdeen Archives, Gallery & Museums Trust”) and take specified actions in relation to the Alexander MacDonald Bequest, and to provide an update on other activity in relation to trusts to which the Council is connected.

2. RECOMMENDATIONS

That the Council:-

Proposed Aberdeen Archives, Gallery & Museums Trust

- 2.1 agrees the establishment of a new charitable trust (to be known as “Aberdeen Archives, Gallery & Museums Trust”) and approves the proposed constitution thereof in Appendix F;
- 2.2 instructs the Chief Officer – Governance to submit the necessary application (including signed trustee declaration form and the constitution) to the Office of the Scottish Charity Regulator (OSCR) for its approval; authorises that Chief Officer, prior to such OSCR approval being obtained but following consultation with the Co-Leaders, to make any amendments to the constitution which that Chief Officer considers to be appropriate; and authorises that Chief Officer to take any other appropriate action in relation to the application and any action necessary to bring the constitution into effect;
- 2.3 instructs the Chief Officer – Finance to arrange for registration of the new charitable trust with HM Revenue & Customs (HMRC), and to take any other appropriate action, in order to allow for gift aid to be claimed on monetary donations to the trust;
- 2.4 appoints the Chief Officer - City Development & Regeneration to be lead Council officer (in terms of the Council’s Powers Delegated to Officers) in respect of the new charitable trust; authorises that Chief Officer to approve the making of payments from the funds of the trust (in terms of the Council’s Powers

Delegated to Officers) and to take any appropriate action in relation to the operation and management of the trust; instructs the Chief Officer - Governance to add the trust to the Council's list of Arts & Culture Trusts (the current version of which list is in Appendix D); and appoints the Chief Officer – Governance to be secretary to, and the Chief Officer – Finance to be treasurer of, the trust;

Other Activity

- 2.5 instructs the Chief Officer – Governance to submit an application to OSCR in respect of the Alexander MacDonald Bequest (charity number SC018568) in order to permit the expenditure of its total remaining funds (capital and revenue) on artworks in terms of the trust deed's provisions and the winding-up of this charitable trust; and authorises that Chief Officer to take any other appropriate action in order to facilitate such expenditure and winding-up;
- 2.6 notes the other activity, as detailed in this report, in relation to trusts to which the Council is connected; and
- 2.7 instructs the Chief Officer – Governance to, as appropriate, bring a report to Council and/or provide a service update to elected members no later than December 2025 on future activity in relation to trusts to which the Council is connected.

3. CURRENT SITUATION

- 3.1 On 13 December 2023, Council considered a report on activity in relation to trusts to which the Council is connected, approved certain appointments and instructed the Chief Officer – Governance to, as appropriate, bring a report to Council and/or provide a service update to elected members no later than December 2024 on future activity in relation to trusts to which the Council was connected.
- 3.2 This report provides the requisite update on such trusts, as listed in Appendices A – D. In those Appendices, the Balance Sheet Value for a fund represents its total funds (including the value of any investments) whereas the Revenue Value is the useable cash amount which is readily available for disbursement. The Balance Sheet Value includes the Revenue Value. In this report, the term "trusts" is used for convenience but also includes reference to bequests and the like.

Proposed Aberdeen Archives, Gallery & Museums Trust

- 3.3 At present, monetary (cash) donations are collected in donation boxes across all of the Council's Archives, Gallery and Museum venues. Digital "tap to give" options are available in Aberdeen Art Gallery, Aberdeen Maritime Museum, Provost Skene's House and Aberdeen Treasure Hub, and will be available in financial year 2025/26 in the Town House Archives and the Tolbooth Museum. Donations can be offered and paid through the website www.aberdeencity.gov.uk/AAGM/support-us/donate. Additional offers of monetary donations are received, infrequently, through correspondence (email and mail). Monetary bequests tend to be unexpected and without prior notice.

- 3.4 In financial year 2023/24, such cash donations received amounted to £37,966 and “tap to give” donations were £21,529. In financial year 2024/25 (up to October 2024), cash donations of £26,052 and “tap to give” donations of £10,458 have been received.
- 3.5 If cash, “tap to give” or online donations are received by a charity from a UK taxpayer, those donations are eligible for a gift aid claim. Local authorities themselves cannot claim gift aid.
- 3.6 There are a number of existing trusts which directly benefit the Council’s art collection, but do not allow for support of the wider heritage collection or service. The purpose of Aberdeen Art Gallery Trusts (charity number SC018575), for example, is “*the advancement of the arts by providing for the purchase of works of art for the collection of Aberdeen Art Gallery & Museum.*” This means that any donations or bequests which are made to this Trust can only be used for the purchase of artworks and cannot be spent on caring for, preserving, displaying or interpreting the current collection.
- 3.7 A significant, unsolicited bequest was received in 2022 and has been deposited into the Aberdeen Art Gallery Trusts account. This will allow the Gallery to expand its collection for a number of years into the future.
- 3.8 It is proposed that a new charitable trust – to be known as “Aberdeen Archives, Gallery & Museums Trust” - should be established. In summary, the purposes of the new trust would be to support the whole operation and delivery of the Aberdeen Archives, Gallery and Museums but would not prescribe how such support should be provided or what forms it may take. This is to help ensure the longevity and flexibility of the new trust and that the whole Aberdeen Archives, Gallery and Museums service should benefit in the years to come.
- 3.9 It is proposed that the Council would be sole trustee of the new trust and the Chief Officer – City Development and Regeneration would be the lead Council officer in respect of the trust. Reference is made to the Powers Delegated to Officers mentioned under the “Disbursements” header below. It is further proposed that the Chief Officer – Governance and the Chief Officer – Finance would respectively be secretary and treasurer of the new trust.
- 3.10 The proposed governance arrangements, involving expenditure decisions by the Chief Officer – City Development and Regeneration under delegated powers, would provide speed of decision-making around expenditure, which nonetheless must always be in compliance with the trust purposes. Appropriate regard may be had to whatever Council objectives exist at the time but the Council as trustee would of course require to act in the interests of the trust.
- 3.11 Local authorities without a charitable arrangement are ineligible to claim gift aid or claim under the Gift Aid Small Donations Scheme.
- 3.12 The establishment of a new charitable trust supporting the wider operation and delivery of Archives, Gallery and Museums provides:

- a receiving account for future bequests;
- an opportunity for a campaign related to legacy gifts, with tax relief;
- an opportunity to claim gift aid;
- a reduction in the reliance on public funding to run the service.

3.13 Disbursements

In terms of the Council's Powers Delegated to Officers (General Delegations to Chief Officers no.46), Chief Officers have the power to approve the making of payments from the funds of trusts in respect of which the Council is sole trustee and they are the lead Council officer - following consultation with the Chief Officer – Finance and provided always that such payments are in accordance with the relevant trust deeds. Following the organisational restructure earlier this year, the lead Council officers for the different classifications of trust are as follows:

- Educational Trusts: Chief Officer - Education & Lifelong Learning
- Children's Social Work Trusts: Chief Officer – Children's Social Work & Family Support
- Adult Social Work Trusts: Chief Officer – Aberdeen City Health and Social Care Partnership
- Arts & Culture Trusts: Chief Officer - City Development & Regeneration

3.14 Similarly, under General Delegation no.47, Chief Officers have the power to, following consultation with the Chief Officer - Finance, accept monetary gifts, endowments, bequests and donations which relate to their remit as Chief Officer and to approve the expenditure of same - in accordance with any terms applying thereto.

3.15 Details of disbursements from funds over the past year are provided in Appendix E.

3.16 Alexander MacDonald Bequest (charity number SC018568)

Alexander MacDonald's Trust Disposition and Deed of Settlement dated 11 December 1882 left one-third of the residue of his estate to the Council – with *“the whole of the revenueapplied....in the purchase of paintings, as a matter of preference, but it shall be optional to make an occasional purchase of a piece of statuary”*.

For the selection of works of art, this deed requires that an Art Committee be appointed from time to time - hence the periodic meetings of the MacDonald Art Committee, most recently in 2001 and 1992.

As of 31 March 2024, the capital figure is £25,040 and the revenue figure is £7,389.17. This revenue sum has only risen by around £1,600 since 2007. Currently only the revenue can be spent.

Approval is sought to make an application to OSCR so as to permit the expenditure of the total remaining funds (i.e. capital and revenue) on artworks in terms of the trust deed's provisions and the subsequent winding-up of this

charitable trust. This is considered to be a more efficient and effective approach to managing this old trust.

3.17 Aberdeen Endowments Trust (charity number SC010507)

Aberdeen Endowments Trust (AET) has approached the Council to explore whether the Council might be agreeable to the management of Educational Trusts listed in Appendix A being transferred to AET. The objective would be to ensure the more efficient and effective use of those funds alongside the funds which AET already administers. Importantly, any funds so transferred would continue to be used for their current purposes so far as those are still viable and unless amended according to the appropriate legal process. Discussions with AET are at an early stage and any proposal for transfer would be reported to Full Council for a decision.

3.18 Glover House Trustees Ltd (company number SC503243)

Glover House Trustees Ltd, a private limited company set up in 2015, is sole trustee of The Grampian-Japan Trust. The Council is sole shareholder of the company. On 13 December 2023, Council approved the appointment of Councillor David Cameron (Lord Provost), Councillor Alison Alphonse and the Chief Officer - Corporate Landlord (Stephen Booth) as directors of the company. These three director appointments took effect on 1 April 2024.

4. FINANCIAL IMPLICATIONS

- 4.1 Officer resource (from Archives, Gallery & Museums, Legal Services and Finance) would be required to set up a new charitable trust and to administer the gift aid claims, in addition to the current resource required to bank donations on a regular basis. Costs to the Council for print production in relation to gift aid envelopes for cash donations, and promotional leaflets for legacy giving, would be offset by income through the trust.
- 4.2 The efficient and effective management of the trusts referred to in this report will maximise the funds available for expenditure on the trust purposes. The trusts provide an opportunity for delivering additional benefit to the city and its people. However the trust funds do not represent a recurring income source to support the discharge of the Council's core statutory duties.

5. LEGAL IMPLICATIONS

- 5.1 The proposed new charitable trust, like any charitable trust, would of course require to operate in compliance with charity law and trust law. To be registered as a charity, OSCR approval is required and their registration process must be adhered to. Non-charitable trusts must operate in compliance with trust law. This report details activity and proposed activity intended to ensure continued sound governance of trusts and appropriate use of the funds for the trust purposes.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report. Indirect implications are additional reliance on printed paper for processing gift aid and promoting legacy giving. Where possible, this will be managed through digital channels.

7. RISK

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	N/A	N/A	N/A
Compliance	If a trustee fails to comply with their legal duties, they may be held responsible for resultant losses and OSCR may take action against them. Where gift aid is being claimed by a charity, the rules on gift aid must be followed.	This report supports compliance and officers from Legal Services and Finance provide appropriate advice.	L	Yes
Operational	Risk of gift aid rules not being followed.	Implementation of appropriate procedures and staff training regarding gift aid.	N/A	N/A
Financial	Failure to maximise and make best use of the available funds for trust purposes.	This report supports members' oversight of the use of such funds.	L	Yes
Reputational	Failure to comply with legal duties may	This report supports compliance.	L	Yes

	lead to adverse publicity.			
Environment / Climate	No significant risks identified	N/A	N/A	N/A

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	<p>A Vibrant City – “We will work tirelessly to make Aberdeen a more attractive place to live, work, study and visit with a vibrant cultural offering”.</p> <p>More generally, the purposes of existing trusts support overall objectives such as Supporting People with the Cost of Living, A City of Opportunity, A Vibrant City and An Active City.</p>
<u>Local Outcome Improvement Plan 2016-2026</u>	
Prosperous Economy Stretch Outcomes	Purposes of existing trusts support the delivery of LOIP outcomes.
Prosperous People Stretch Outcomes	Same as above.
Prosperous Place Stretch Outcomes	Same as above.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	New Integrated Impact Assessment has been completed in respect of the proposal for a new charitable trust for Aberdeen Archives, Gallery and Museums.
Data Protection Impact Assessment	If the proposal to establish a new charitable trust is approved, a Data Protection Impact Assessment will be undertaken when there is more clarity on the nature of the personal data to be processed and the mechanics of such processing. For example, personal data will be processed in managing gift aid on monetary donations.
Other	Not required

10. BACKGROUND PAPERS

- 10.1 [Governance Review of Trusts - 2023 Update – COM/23/383 - \(reported to Council on 13 December 2023\)](#)

11. APPENDICES

- 11.1 Appendix A – Educational Trusts
- 11.2 Appendix B – Children’s Social Work Trusts
- 11.3 Appendix C – Adult Social Work Trusts
- 11.4 Appendix D – Arts & Culture Trusts
- 11.5 Appendix E – Details of Disbursements
- 11.6 Appendix F – Proposed Constitution for proposed Aberdeen Archives, Gallery & Museums Trust.

12. REPORT AUTHOR CONTACT DETAILS

Name	Steven Inglis	Helen Fothergill
Title	Team Leader, Regulatory & Compliance, Legal Services	Service Manager – Archives, Gallery & Museums
Email Address	singlis@aberdeencity.gov.uk	hfothergill@aberdeencity.gov.uk

APPENDIX A - EDUCATIONAL TRUSTS - NOTE: the funds noted below as being "part of EEIF" and with SC025063 listed against them in column D are part of Aberdeen City Council Charitable Trusts, an OSCR-registered charity with charity number SC025063 (known as Education Endowment Investment Fund). Funds noted as being "part of EEIF" but without a number in column D are part of what was historically known as the EEIF but are not part of charity number SC025063. In total, the 'historic' EEIF comprises over 60 trusts, bequests and legacies - a number of which were transferred from Grampian Regional Council to Aberdeen City Council by the Educational Endowments (Grampian Region) Transfer Scheme Order 1996.

Trust/Fund	Purpose	OSCR-Registered Charity?	Charity Number	Governance Documents	Balance Sheet Value 31 March 2024	Revenue Value 31 March 2024	Assets	Beneficiary
Aberdeen Institution for Deaf and Dumb Fund (part of EEIF)	For the benefit of Aberdeen School for the Deaf	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£79,291	£27,700	Share of listed investments and cash in Loans Fund.	Aberdeen School for the Deaf
Mrs Athol Benzie Prize Fund (part of EEIF)	For best all-round pupil in the fifth year at Aberdeen Academy	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£4,192	£1,461	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Miss Bessie Heriot Prize Fund (part of EEIF)	For prize to best girl at Kaimhill Secondary School	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£7,740	£2,716	Share of listed investments and cash in Loans Fund.	Harlaw Academy
Dr Charles McLeod Trust (part of EEIF)	For purchase of books on Physical Science and Astronomy at Aberdeen Grammar School	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£3,178	£1,115	Share of listed investments and cash in Loans Fund.	Aberdeen Grammar School
	Free annual revenue of the Trust to be applied for the following purposes:- (a)relieving financial hardship among the Burgesses of Guild of Aberdeen present and future and their widows or widowers and families (including without prejudice to the foregoing generality children of deceased Burgesses of Guild at Aberdeen) by the payment of annuities of such amounts as the Trustee in their absolute discretion may determine; and (b)assisting by means of grants or scholarships of such number and amounts as the Trustee in their absolute discretion (following consultation with the Lord Dean of Guild and her/his Assessors) may determine; (i)persons born or habitually resident in the city of Aberdeen who are prevented or inhibited from pursuing their educational or career goals due to financial circumstances or who are intending to undertake educational or vocational training courses or otherwise to further their proposed careers; or (ii)organisations or collective groups which are operating in the city of Aberdeen and undertaking, or intending to undertake, educational initiatives....							See column B
City of Aberdeen Council Guildry and Mortification Funds	(see trust deed for more detail)	Yes	SC011857	Trust Deed dated 25 May 2023	£2,795,565	£1,269,342	£1.495m in land and buildings, £1.167m in Loans Fund.	
Corporation Prize Fund (part of EEIF)	For school prizes	No	N/A	Not known	£551,742	£198,153	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen school
D M Andrew Bequest (part of EEIF)	For prize in Classics at Aberdeen Grammar School	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£19,630	£6,888	Share of listed investments and cash in Loans Fund.	Aberdeen Grammar School
Dr Duncan B Heriot Prize Fund	For prizes in English and History at Aberdeen Academy	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£3,893	£1,388	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Dr Duncan B Heriot Prize Fund (part of EEIF)	For prize to best boy at Kaimhill Secondary School	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£7,820	£2,809	Share of listed investments and cash in Loans Fund.	Harlaw Academy
Edith and David R Bishop Prize Fund (part of EEIF)	For prize or prizes to pupil or pupils of Aberdeen Grammar School selected by the Rector	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£5,788	£2,031	Share of listed investments and cash in Loans Fund.	Aberdeen Grammar School
Miss Elizabeth H Bain Bequest (part of EEIF)	For music tuition and for instruments to pupils in city schools	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£138,100	£122,700	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen schools.
Miss Elizabeth M M Laing Prize (part of EEIF)	Prize for best pupil in French in the Third Year at Aberdeen Academy	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£643	£225	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Dr George MacKenzie Prize Fund (part of EEIF)	For prize to best pupil in German in Aberdeen Academy.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£3,055	£1,062	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Miss H Shepherd Bequest (part of EEIF)	For annual award to the head boy and head girl at Torry Academy.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£7,055	£2,534	Share of listed investments and cash in Loans Fund.	Lochside Academy
James Findlay Prize Fund (known as James Findlay Bursary Fund) (part of EEIF)	Annual prize or prizes to a student or students attending Aberdeen College in teaching practice and before awarding shall consult the Principal of the College	No	N/A	Trust Disposition and Settlement dated 06/05/1925, and registered in the Books of Council and Session on 02/11/1926, and Deed of Agreement dated January 1928	£46,234	£16,605	Share of listed investments and cash in Loans Fund.	North East Scotland College/University of Aberdeen
Jane Cable Smart Bequest (part of EEIF)	For prize(s) to most promising pupil(s) in Music at Skene Square School.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1995	£13,200	£4,741	Share of listed investments and cash in Loans Fund.	Skene Square School
Jessie Durno Prize Fund (part of EEIF)	For prize in Mathematics at Aberdeen Academy	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£10,948	£3,832	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
John M Robertson Memorial Prize Fund (part of EEIF)	For prize to best pupil in commercial subjects at Aberdeen Grammar School.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£2,214	£777	Share of listed investments and cash in Loans Fund.	Aberdeen Grammar School
Kenneth MacIntosh Bequest (part of EEIF)	For paying or supplementing the expenses of pupils of Aberdeen Grammar School who might otherwise be unable to afford the cost of school trips abroad or elsewhere	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£18,744	£6,577	Share of listed investments and cash in Loans Fund.	Aberdeen Grammar School
Lands of Torry	Free annual revenue of the Trust to be paid as follows:- (a)51% to the Aberdeen City Common Good Fund; and (b)49% to the University of Aberdeen Bursary Fund.	Yes	SC021299	Trust Deed dated 25 October 2023	£2,855,481	£25,081	£2.726m in lands and buildings.	Aberdeen City Common Good Fund; and University of Aberdeen Bursary Fund.
Liddle Prize Fund (known as Alexander Kilgour Fund) (part of EEIF)	For Liddle prize, which may take the form of a medal, to an undergraduate at University of Aberdeen for best composition in Latin and Greek. Conditions governing the award shall be determined by the Professors in the Faculty of Arts.	No	N/A	Letter setting up trust purposes dated 05/10/1857	£100,009	£35,917	Share of listed investments and cash in Loans Fund.	University of Aberdeen
Miss Lizzie L Milne Prize Fund (part of EEIF)	For prize in all-round excellence to pupil in senior classes at Ashley Road School.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£8,594	£3,086	Share of listed investments and cash in Loans Fund.	Ashley Road School
Logie Pirie Scholarship Fund (part of EEIF)	For the benefit of schools in the Dyce, Bucksburn area	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£37,031	£6,722	Share of listed investments and cash in Loans Fund.	Bucksburn Academy, Stoneywood School, Brimmond School, Kingswells School, Dyce School and Dyce Academy

Miss Lucy Cruickshank Prize Fund (part of EEIF)	For prize to best pupil or pupils in French and German at High School for Girls.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£30,544	£10,717	Share of listed investments and cash in Loans Fund.	Harlaw Academy
Miss M S Smith Prize Fund (part of EEIF)	For prize or prizes for proficiency in art or handcrafts at Ashley Road School.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£6,753	£2,425	Share of listed investments and cash in Loans Fund.	Ashley Road School
Miss Margaret C Harper Prize Fund (part of EEIF)	For prize to best pupil in German at Aberdeen Academy.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£1,175	£403	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Margaret Duthie Memorial Prize Fund (part of EEIF)	For pupil showing the greatest endeavour at Dyce School.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£12,428	£4,361	Share of listed investments and cash in Loans Fund.	Dyce Primary School
Mary Dumo Prize Fund (part of EEIF)	For prize in English at Aberdeen Academy	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£17,746	£6,217	Share of listed investments and cash in Loans Fund.	Hazlehead Academy
Mary Thomson Scottish Poetry Prize	For the three best reciters of a Scottish poem at Cults Primary School, Cults Academy, Harlaw Academy and Rubislaw Academy.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£10,443	£3,751	Share of listed investments and cash in Loans Fund.	Cults School, Cults Academy, Harlaw Academy and Aberdeen Grammar
Mrs Mina Brooks Memorial Prize (part of EEIF)	For prizes for children's theatre	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£3,146	£1,104	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen schools.
Murray Pictures Prize Fund	Promoting knowledge and love of art among children of the City. Circulating the Murray Circulating Collection among educational establishments in the City. Council to award annual prizes and certificates to pupils attending schools in the City for the most meritorious essays on pictures in the collection and to publish any essay of exceptional merit.	No	N/A	Aberdeen Educational Endowments Scheme 1934	£52,372	£18,809	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen schools.
Norman Moy Prize	Prize for the best jazz musician in Aberdeen schools.	No	N/A	Trust Deed of 2016	£10,008	£3,594	All Funds in ACC Loans Fund.	Available to all school students in Aberdeen schools.
Primary and Intermediate Schools Sports Fund (part of EEIF)	General use in relation to sport.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1996	£24,794	£1,924	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen schools.
35.9% of Rose Hip Fund (part of EEIF)	To be used at the discretion of the officer appointed by Aberdeen City Council for the purpose.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1997	£1,485	£533	Share of listed investments and cash in Loans Fund.	Available to all school students in Aberdeen schools.
St Fittick Aberdeen Rotary Club Prize (part of EEIF)	For prizes to pupils at Torry Secondary School.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1998	£2,084	£748	Share of listed investments and cash in Loans Fund.	Lochside Academy
William C B Thomson Memorial Fund (part of EEIF)	For prizes in art at Northfield Secondary School.	No	N/A	The Educational Endowments (Grampian Region) Transfer Scheme Order 1999	£4,531	£1,627	Share of listed investments and cash in Loans Fund.	Northfield Academy
William Meston Bursary Fund (part of EEIF)	For bursary to pupil of merit at Culter School undertaking a secondary course.	Yes	SC025063	The Educational Endowments (Grampian Region) Transfer Scheme Order 2000	£33,225	£11,658	Share of listed investments and cash in Loans Fund.	Culter Primary School
				Total:	£6,930,881	£1,811,333		

APPENDIX B - CHILDREN'S SOCIAL WORK TRUSTS - NOTE: the funds noted below as being "part of EEIF" and with SC025063 listed against them in column D are part of Aberdeen City Council Charitable Trusts, an OSCR-registered charity with charity number SC025063 (known as Education Endowment Investment Fund). Funds noted as being "part of EEIF" but without a number in column D are part of what was historically known as the EEIF but are not part of charity number SC025063. In total, the 'historic' EEIF comprises over 60 trusts, bequests and legacies - a number of which were transferred from Grampian Regional Council to Aberdeen City Council by the Educational Endowments (Grampian Region) Transfer Scheme Order 1996.								
Trust/Fund	Purpose	OSCR-Registered Charity?	Charity Number	Governance Documents	Balance Sheet Value 31 March 2024	Revenue Value 31 March 2024	Assets	Beneficiary
A. McKay Fund (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£927	£333	Share of listed investments and cash in Loans Fund.	Children's Social Work Department
Angus Taylor Donations (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£630	£226	Share of listed investments and cash in Loans Fund.	Children's Social Work Department
Befriending Fund (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£4,428	£1,590	Share of listed investments and cash in Loans Fund.	BeFriend a Child or The Aberdeen City Befriending Partnership
Disabled Living Centre (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£8,187	£2,940	Share of listed investments and cash in Loans Fund.	Children with Disabilities service
Donations Social Work Director (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£5,746	£2,063	Share of listed investments and cash in Loans Fund.	Care Leavers
Dyce Handicapped Children Fund (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£3,106	£1,116	Share of listed investments and cash in Loans Fund.	Children with Disabilities service
Friends of Neo Natal Unit (part of EEIF)	To provide comforts for users of the named service.	No	N/A	Not known	£938	£337	Share of listed investments and cash in Loans Fund.	Aberdeen Maternity Hospital
Lewis J. Smith Bequest (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£1,200	£431	Share of listed investments and cash in Loans Fund.	Children's Social Work Department
Social Work Dept. Training Fund (part of EEIF)	To be used at discretion of the Director of Social Work.	No	N/A	Not known	£2,350	£844	Share of listed investments and cash in Loans Fund.	Kinship Carers
The Richard Garden Trust (part of EEIF)	To support the families of children with head or spinal injuries.	No	N/A	Not known	£37,606	£13,506	Share of listed investments and cash in Loans Fund.	Children with Disabilities service
Westburn Comforts Fund (part of EEIF)	To provide comforts for residents at the named home.	No	N/A	Not known	£2,385	£857	Share of listed investments and cash in Loans Fund.	Westburn Centre
				Total:	£67,502	£24,243		

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APPENDIX C - ADULT SOCIAL WORK TRUSTS - NOTE: the funds noted below as being "part of EEIF" and with SC025063 listed against them in column D are part of Aberdeen City Council Charitable Trusts, an OSCR-registered charity with charity number SC025063 (known as Education Endowment Investment Fund). Funds noted as being "part of EEIF" but without a number in column D are part of what was historically known as the EEIF but are not part of charity number SC025063. In total, the 'historic' EEIF comprises over 60 trusts, bequests and legacies - a number of which were transferred from Grampian Regional Council to Aberdeen City Council by the Educational Endowments (Grampian Region) Transfer Scheme Order 1996.

Trust/Fund	Purpose	OSCR-Registered Charity?	Charity Number	Governance Documents	Balance Sheet Value 31 March 2024	Revenue Value 31 March 2024	Assets	Beneficiary
Aberdon Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£3,130	£1,124	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen that support people with far end dementia
Albyn Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£40,938	£14,702	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Agnes Park Legacy (part of EEIF)	To provide comfort at homes for the Elderly	No	N/A	Not known	£13,520	£4,855	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Balnagask Home Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£8,320	£2,988	Share of listed investments and cash in Loans Fund.	Balnagask House Care Home
Croft House Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£11,622	£4,174	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Elizabeth M. M. Laing (part of EEIF)	To provide comfort at homes for the Elderly	No	N/A	Not known	£1,250	£372	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Fergus House Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£20,864	£7,493	Share of listed investments and cash in Loans Fund.	Fergus House Care Home
Ferryhill House Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£9,227	£3,314	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Friends of Balnagask Court (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£739	£265	Share of listed investments and cash in Loans Fund.	Sheltered housing residents in or near the areas surrounding Balnagask Court
Gladys Pickman	For the use of Aberdon House.	No	N/A	Not known	£12,498	£12,498	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen that support people with far end dementia
Horizon Amenity Fund (part of EEIF)	For the benefit of users of the service	No	N/A	Not known	£3,371	£1,211	Share of listed investments and cash in Loans Fund.	Horizons Rehabilitation Centre
M J Elliot Trust (part of EEIF)	For the benefit of users of Rosehill House	No	N/A	Not known	£43,654	£15,678	Share of listed investments and cash in Loans Fund.	Day Care providers with the City of Aberdeen.
Northfield Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£19,114	£6,865	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Park House Amenity Fund (part of EEIF)	For the benefit of users of the service	No	N/A	Not known	£776	£279	Share of listed investments and cash in Loans Fund.	Sheltered housing residents in or near the area.
Polmuir Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£100,062	£35,936	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Rosewell Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£13,121	£4,712	Share of listed investments and cash in Loans Fund.	Rosewell House Rehabilitation Unit
Social Work Dept. Mental Health Training (part of EEIF)	To be used at discretion of Director of Social Work	No	N/A	Not known	£11,221	£4,030	Share of listed investments and cash in Loans Fund.	Social Workers within Aberdeen City Council's Social Work Department
Thorn Grove Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£4,952	£1,778	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
Victoria House Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£52,904	£19,000	Share of listed investments and cash in Loans Fund.	Homeless people/Housing First Project

Westbank Comforts Fund (part of EEIF)	To provide comforts for residents at the named home	No	N/A	Not known	£379	£136	Share of listed investments and cash in Loans Fund.	Care Homes in the City of Aberdeen
				Total:	£371,662	£141,410		

APPENDIX D - ARTS & CULTURE TRUSTS - NOTE: the funds noted below as being "part of EEIF" and with SC025063 listed against them in column D are part of Aberdeen City Council Charitable Trusts, an OSCR-registered charity with charity number SC025063 (known as Education Endowment Investment Fund). Funds noted as being "part of EEIF" but without a number in column D are part of what was historically known as the EEIF but are not part of charity number SC025063. In total, the 'historic' EEIF comprises over 60 trusts, bequests and legacies - a number of which were transferred from Grampian Regional Council to Aberdeen City Council by the Educational Endowments (Grampian Region) Transfer Scheme Order 1996.

Trust/Fund	Purpose	OSCR-Registered Charity?	Charity Number	Governance Documents	Balance Sheet Value 31 March 2024	Revenue Value 31 March 2024	Assets	Beneficiary
Aberdeen Art Gallery Trusts	The advancement of the arts by providing for the purchase of works of art for the collection of Aberdeen Art Gallery & Museum	Yes	SC018575	Trust Deed dated 10 March 2014	£398,585	£398,585	All Funds in ACC Loans Fund.	Aberdeen Art Gallery & Museum
Aberdeen Bulawayo Trust	The purpose of the Trust shall be to relieve poverty among the inhabitants of the City of Bulawayo, Zimbabwe	Yes	SC009373	Trust Deed dated 1 March 1989	£244	£244	All Funds in ACC Loans Fund. Trust Income is solely a grant from the Common Good Fund.	City of Bulawayo, Zimbabwe
Aberdeen Gornal Trust	To assist the city of Gornal and Gornal Oblast in Byelorussia	No	N/A	Trust Deed dated 28 May 1994	£4,687	£4,687	All Funds in ACC Loans Fund.	City of Gornal and Gornal Oblast in Byelorussia. Activities currently suspended.
Alexander MacDonald Bequest	<i>"the purchase of paintings, as a matter of preference, but it shall be optional to make an occasional purchase of a piece of statuary".</i> See the Trust Disposition and Deed of Settlement for further stipulations, including that <i>"no pictures painted more than twenty-five years before the date of purchase shall be eligible...."</i> and that an Art Committee be appointed to select the works of art. This is the MacDonald Art Committee.	Yes	SC018568	Trust Disposition and Deed of Settlement dated 11 December 1882	£25,040	£7,389	All Funds in the ACC Loans Fund.	Aberdeen Art Gallery & Museum

Bridges of Aberdeen Heritage Trust	To advance heritage	Yes	SC018551	Trust Deed dated 14 November 2016. Name subsequently changed from Bridge of Don Fund to Bridges of Aberdeen Heritage Trust in May 2021.	£1,312,839	£318,172	£1.1m investment in Lands of Skene and £270k in ACC Loans Fund.	Citizens of Aberdeen City
Cole Bequest	For the benefit of Aberdeen Art Gallery	No	N/A	Not known	£8,170	£8,170	All Funds in ACC Loans Fund.	Aberdeen Art Gallery & Museum
Elsie M Byrne	For the benefit of Aberdeen Art Gallery	No	N/A	Not known	£9,832	£9,832	All Funds in ACC Loans Fund.	Aberdeen Art Gallery & Museum
Glover House Trustees Ltd	Sole trustee of Grampian-Japan Trust which owns Glover House	No	Company Limited by Guarantee (company number SC503243)	Articles of Association	£1	£1	All Funds in ACC Loans Fund	N/A
Grampian-Japan Trust	Various purposes related to the historical links between Grampian Region and Thomas Blake Glover and the development of industry in Japan	No	N/A	Declaration of Trust dated 20 March 1996 (as subsequently varied in 2012 and 2015)	£461,000	£0	Sole Asset is the property at Glover House, Bridge of Don, Aberdeen	North-East of Scotland and Japan
John M Henderson Bequest (part of EEIF)	To enabling Libraries to expend funds on music download services	Yes	SC025063 (part of Aberdeen City Council Charitable Trusts, known as EEIF)	Revised constitution adopted in 2015.	£1,266	£444	Share of listed investments and cash in Loans Fund.	Libraries within the City of Aberdeen.

Lands of Skene	Free annual revenue of the Trust to be paid as follows:- (a)40% to City of Aberdeen Council Guildry & Mortification Funds, charity number SC011857; (b)30% to Bridges of Aberdeen Heritage Trust, charity number SC018551; and (c)30% to the Aberdeen City Common Good Fund.	Yes	SC018533	Trust Deed dated 25 October 2023	£3,815,560	£2,535,311	£1.2M in land and buildings and £2.5M in ACC Loans Fund.	City of Aberdeen Council Guildry & Mortification Funds, Bridges of Aberdeen Heritage Trust and Aberdeen City Common Good Fund.
The Lord Provost's Charitable Trust	To distribute funds to such recognised Scottish charities operating within the City of Aberdeen as the Trustees may from time to time determine to be applied by the said charities for such purposes as the Trustees in their absolute discretion may specify.	Yes	SC028829	Trust Deed from 1999	£12,041	£12,041	Loans Fund Balance	Recognised Scottish charities operating within the City of Aberdeen
M Mowat & G Davidson	Upholding Ardo's Tomb 1662	No	N/A	Will from 1740	£886	£886	All Funds in ACC Loans Fund.	Ardo's tomb, St Nicholas' Church
Mrs McBey Fund No.1	To improve the permanent collection of Aberdeen Art Gallery by acquisition or commission upon report by the City Arts and Recreation Officer or his successor	No	N/A	Not known but referred to in minute of City of Aberdeen District Council Arts & Recreation (Art Gallery & Museums) Sub-Committee of 16 December 1994.	£3,032	£3,032	All Funds in ACC Loans Fund	Aberdeen Art Gallery & Museum

Marguerite McBey Trust	To advance the education of the people of Aberdeen and others through promotion and support of the arts by the protection, conservation and development of the Fine Art collection at the Aberdeen Art Gallery	Yes	SC031654	Trust Deed dated 10 May 2001	£527,804	£527,804	All Funds in ACC Loans Fund.	Aberdeen Art Gallery & Museum
Miss Hilda B S Duthie Bequest	For the benefit of Aberdeen Maritime Museum.	No	N/A	Letter from Miss Duthie's solicitors dated 09/08/1991. No restrictions on retaining any set capital sum	£3,326	£3,326	All Funds in ACC Loans Fund.	Maritime Musuem
Molly Craig Fund	To distribute funds to such recognised Scottish Charities operating within the City of Aberdeen as the trustees may from time to time determine	No	N/A	Not known	£2,034	£730	Share of listed investments and cash in Loans Fund.	Recognised Scottish Charities operating within the City of Aberdeen
Mrs Vera R E Taylor	Maritime Museum display	No	N/A	Not known	£17,044	£17,044	All Funds in ACC Loans Fund.	Maritime Musuem
Proctor's Orphanage Trust	To award quarterly grant payments to VSA for the benefit of children and families in Aberdeen City and Aberdeenshire	No	N/A	Disposition dated 1892 (as subsequently varied)	£205,708	£34,821	All Funds in ACC Loans Fund + a strip of ground 1 metre in width around the perimeter of Proctor's, Kirkton of Skene.	VSA
Rickart (Richard) Mortification Fund	In 1740 John Richard left £12 to be invested with interest to be used for the perpetual maintenance of Richard's Tomb	No	N/A	Will from 1740	£57,071	£57,071	All Funds in ACC Loans Fund.	Richard's Tomb located in the centre of the west wall of the St Nicholas Kirkyard

Robert Skene Matthew Bequest	To distribute funds to such recognised Scottish Charities operating within the City of Aberdeen as the trustees may, from time to time determine	No	N/A	Not known	£21,269	£7,639	Share of listed investments and cash in Loans Fund.	Recognised Scottish Charities operating within the City of Aberdeen
Stewart Reid Memorial Fund	To distribute funds to such recognised Scottish Charities operating within the City of Aberdeen as the trustees may from time to time determine.	No	N/A	Not known	£3,264	£1,172	Share of listed investments and cash in Loans Fund.	Recognised Scottish Charities operating within the City of Aberdeen
				Total:	£6,890,703	£3,948,401		

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APPENDIX E – DETAILS OF DISBURSEMENTS

Educational Trusts (Appendix A)

There are 37 Educational Trusts with a total Balance Sheet Value of £6,930,881 (as at 31 March 2024), which in summary have purposes supporting the advancement of education in Aberdeen. That sum includes a total Revenue Value of £1,811,333.

In terms of the Powers Delegated to Officers, the Chief Officer – Education & Lifelong Learning has approved the following expenditure:

- £350 in total from various prize funds - for funding Hazlehead Academy's school prizes in summer 2024, as follows:
 - Jessie Durno Prize Fund (Mathematics)
 - Margaret C Harper Prize Fund (best pupil in German)
 - George Mackenzie Prize Fund (best pupil in German)
 - Elizabeth M M Laing Prize (best pupil in French)
 - Mary Durno Prize Fund (English)
 - Athol Benzie Prize Fund (best all-round pupil in fifth year)
 - Duncan B Heriot Prize Fund (English and History)

Children's Social Work Trusts (Appendix B)

There are 11 Children's Social Work Trusts with a total Balance Sheet Value of £67,502 (as at 31 March 2024), which in summary have been established to support the delivery of children's social work services. That sum includes a total Revenue Value of £24,243.

In terms of the Powers Delegated to Officers, the Chief Officer – Children's Social Work & Family Support has approved the following expenditure:

- £280.96 from the A McKay Fund and £1,742.03 from the Donations Social Work Director fund – to help facilitate monthly sessions at the Westburn Resource Centre, running from May 2024 to May 2025. These sessions are designed to give care experienced young people the opportunity to meet one another, participate in focused discussions and have a safe and positive space in which to express their experiences of being in care.

Adult Social Work Trusts (Appendix C)

There are 20 Adult Social Work Trusts with a total Balance Sheet Value of £371,662 (as at 31 March 2024), which in summary relate to specific adult social work functions or specific residential homes. That sum includes a total Revenue Value of £141,410.

In terms of the Powers Delegated to Officers, the Chief Officer – Aberdeen City Health and Social Care Partnership has approved the following expenditure:

- £3,011.40 from the Social Work Department Mental Health Training fund – to deliver Adults with Incapacity training for all adult social work staff within the Partnership; and
- £120 from the Elizabeth M M Laing fund – to facilitate Easter Celebrations across a number of care homes in Aberdeen.

Arts & Culture Trusts (Appendix D)

There are 22 Arts & Culture Trusts with a total Balance Sheet Value of £6,890,703 (as at 31 March 2024). That sum includes a total Revenue Value of £3,948,401.

In terms of the Powers Delegated to Officers, the Chief Officer – City Development & Regeneration, at the request of the Council’s Aberdeen Archives, Gallery & Museums Service (AAGM), has approved the following expenditure:

From the Aberdeen Art Gallery Trusts (charity number SC018575)

- £42,000 towards the purchase of a ceramic pot (“*Alan Measles and Claire Under an English Moon*”) designed by Grayson Perry. The total cost was £120,000 and the Council secured the remainder of the funding from external bodies (Art Fund, National Fund for Acquisitions and Friends of AAGM). This acquisition aligns with the AAGM Collections Development Policy priority theme of “identity and representation”. Perry was awarded the Turner Prize in 2003. In 2020, he became the first British visual artist since Henry Moore in 1968 to win the prestigious and lucrative Erasmus prize, a Dutch version of the Nobel prize, given annually to a person or institution that has made “*an exceptional contribution to the humanities, the social sciences or the arts*”;
- £5,500 for the commissioned work “*You Are Not the Darkness, You Are the Light*”, a fused glass sculpture by Shelagh Swanson. This acquisition aligns with the priority theme of “identity and representation” and is in memory of those lost to, and survivors of, domestic violence in Aberdeen. It was unveiled by Her Majesty Queen Camilla as part of the Save Lives campaign on 18 January 2024. It is permanently located in the window of Gallery 8 where it is visible inside and outside of the building, signalling that the Art Gallery is a safe space where refuge and support can be given to anyone experiencing domestic abuse;
- £6,000 to purchase “*The Second Coming*”, a mixed media work on canvas by Ian Howard. This acquisition aligns with the priority theme of “energy, environment and local economy”. Howard was born in Aberdeen and specialises in painting, drawing and printmaking. He is an Academician of the Royal Scottish Academy of Art and Architecture and an Emeritus Professor of the University of Edinburgh;
- £1,975 to purchase “*Tall Ships, Aberdeen Harbour*”, a painting by Nigel Grounds. This acquisition aligns with the priority theme of “energy, environment and local economy”. The painting depicts the Malcolm Miller and Winston

Churchill Tall Ships tied up at the quayside in Aberdeen for the Tall Ships Race in 1991. One of the vessels depicted (Malcolm Miller) was built in Aberdeen by Hall Russell and launched in 1967. It is hoped that this vessel (now a luxury yacht) will be visiting Aberdeen as part of the Tall Ships Race planned for 2025. This painting will feature in AAGM activities relating to that event;

- £3,179 to purchase the following three works created by Gray's School of Art graduates, each of whom is a previous winner of the David and June Gordon Memorial Trust Award:
 - “*Golden Years*” (ink, wood stain and varnish on hand-engraved board) by Lachlan Smith;
 - “*Penumbra Bloom*” (oil on board) by Tomasz Wrobel; and
 - “*Borderpost*” (oil on linen) by Anna Geerdes.
- £6,000 to purchase “*Selkie*”, a sculpture by Claire Partington. This acquisition aligns with the priority theme of “identity and representation”, in particular by addressing themes of mental health, feelings, grief and emotions, and perceptions regarding feminism, toxic masculinity and family dynamics.

The acquisitions detailed above will enhance the AAGM permanent collection.

From the Hilda B S Duthie Bequest

- £1,315 towards the costs of a new exhibition in the Aberdeen Maritime Museum titled “*Aberdeen Ships, Trade and Empire*”. The exhibition focusses on the role of ships owned and built in Aberdeen in Empire and colonialism. The exhibition opened on 6 July 2024 and this funding enhances visitor access to, and engagement in, a significant part of the city’s history not covered in existing displays.

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ABERDEEN ARCHIVES, GALLERY & MUSEUMS TRUST

TRUST DEED

We, Aberdeen City Council, the local authority for the city of Aberdeen in terms of the Local Government etc. (Scotland) Act 1994 and having our principal office at Town House, Broad Street, Aberdeen, in order to create a trust to be known as Aberdeen Archives, Gallery & Museums Trust (the “Trust”):

(One) appoint ourselves as the sole trustee of the Trust (we and our statutory successors herein referred to as “the Trustee”); and

(Two) pay the sum of £1 to ourselves as the Trustee; And we direct as follows:

Trust purposes

1. The Trustee shall hold and apply the said sum of £1, and such other funds and assets as may from time to time be comprised in the Trust Property, in trust for the advancement of the arts, heritage and culture and the advancement of education by:
 - (a) facilitating and encouraging engagement by members of the public with the collections and services of Aberdeen Archives, Gallery and Museums;
 - (b) caring for, storing, preserving, researching, developing, displaying and interpreting the collections of Aberdeen Archives, Gallery and Museums;
 - (c) acquiring works of art and objects of artistic, heritage or cultural value for the collections of Aberdeen Archives, Gallery and Museums; and
 - (d) improving physical, sensory and intellectual access to the collections and services of Aberdeen Archives, Gallery and Museums.
2. For the purposes of this Trust Deed, Aberdeen Archives, Gallery and Museums comprises:
 - Aberdeen Art Gallery, Schoolhill;
 - Aberdeen Maritime Museum, Shiprow;
 - The Tolbooth Museum, Castle Street;
 - Provost Skene's House, Guestrow;
 - Aberdeen City & Aberdeenshire Archives, Town House, Broad Street; and
 - Aberdeen Treasure Hub (Museum Collection Centre), Granitehill Road;all in Aberdeen, and any other archives, galleries, museums and collection storage locations as may from time to time be owned, managed or operated by Aberdeen City Council or its statutory successors.

3. The expenses of creating and administering the Trust, and any tax payable in relation to the Trust, shall be met in priority to all other payments and transfers of assets out of the Trust Property.

Powers

4. In the administration of the Trust, the Trustee shall, in addition to the powers and rights which are conferred by law upon the trustee who is acting without remuneration, have the fullest powers with regard to investment, sale, administration and management of the Trust Property as if they were the owner; in particular (but without limiting the scope of the powers which it may exercise under the preceding provision), the Trustee shall have the following powers:
 - (a) To do the things described in clause 1;
 - (b) To expend the whole funds and assets of the Trust for the Trust Purposes;
 - (c) To carry on any other activities which further any of the Trust Purposes;
 - (d) To take such steps as it may deem appropriate for the purpose of raising funds;
 - (e) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them);
 - (f) To establish and/or support any other charity, and to make donations for any charitable purpose, falling within the Trust Purposes;
 - (g) To purchase, take on lease, hire, or otherwise acquire, any property or rights;
 - (h) To improve, manage, develop, or otherwise deal with, all or any part of the Trust Property;
 - (i) To sell, let, hire out, license, or otherwise dispose of, all or any part of the Trust Property;
 - (j) To borrow money, and to give security in support of any such borrowings by the Trust;
 - (k) To employ or otherwise appoint or engage such staff as are considered appropriate for the administration of the Trust or for the conduct of the Trust's activities, and to make reasonable provision for the remuneration of such staff and for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants;
 - (l) To engage such consultants and advisers as are considered appropriate from time to time;

- (m) To effect insurance of all kinds (which may include officers' liability insurance);
- (n) To invest any funds, which are not immediately required for the administration of the Trust or for the Trust's activities, in such investments as may be considered appropriate (and to dispose of, and vary, such investments);
- (o) To liaise with voluntary sector bodies, local authorities, UK or Scottish government departments and agencies, and other bodies, all with a view to furthering the Trust Purposes;
- (p) To form any company which is a charity or any Scottish charitable incorporated organisation (SCIO) (providing, in either case, its purposes are similar (wholly or in part) to the Trust Purposes), and, if considered appropriate, to transfer to any such company or SCIO (without any payment being required from the company or SCIO) the whole or any part of the Trust Property;
- (q) To retain any property comprised in the Trust Property for such time as the Trustee thinks proper;
- (r) To have any part of the Trust Property registered in the name of a nominee and to pay reasonable fees to such nominee;
- (s) To grant proxies in favour of the Trustee (or any other person) to attend, act and vote for the Trustee at any meetings (whether of the nature of general meetings, class meetings, creditors' meetings or otherwise) relating to any investment held by the Trustee or relating to any claim (or prospective claim) by the Trustee in any liquidation or other insolvency proceedings;
- (t) To compromise or settle, including by means of arbitration, all claims by or against the Trust or in relation to the Trust Property;
- (u) To appoint solicitors to the Trust or agents for the Trustee in any other capacity, and to pay to such solicitors or other agents their usual charges;
- (v) To reimburse the Trustee out of the Trust Property, in relation to all expenses reasonably incurred by it in the administration of the Trust; and
- (w) To do anything which may be incidental or conducive to the furtherance of any of the Trust Purposes.

Trustee meetings

5. Subject to the provisions of the following clauses, the Trustee may regulate its proceedings as it thinks fit.
6. A Trustee meeting shall be held at least once in each year.

7. The Trustee may call a meeting or request the secretary to the Trust to call a meeting.

Delegation

8. The Trustee may delegate the exercise of any of its powers (including powers relating to whether and in what way funds and assets of the Trust should be distributed and powers relating to whether any fee or other payment due to be made out of the Trust funds should be made out of capital or income) to any committee, sub-committee or officer of Aberdeen City Council or its statutory successors; and any such delegation of powers may be made subject to such conditions as the Trustee may impose, and may be revoked or altered.

Secretary

9. The Trustee may appoint a secretary to the Trust for such term, at such remuneration (if any), and on such conditions, as the Trustee may think fit; and any secretary so appointed may be removed by the Trustee.
10. The Trustee shall ensure that the secretary:
 - (a) keeps proper minutes of all proceedings at meetings of the Trustee (and at meetings of committees of the Trustee); and
 - (b) keeps proper records and documents in relation to all other matters connected with the administration and management of the Trust.

Accounts

11. The Trustee shall ensure that proper accounting records are maintained, in accordance with all applicable statutory requirements.
12. The Trustee shall prepare annual accounts, complying with all relevant statutory requirements; and:
 - (a) if an audit is required under any statutory provisions or if the Trustee otherwise thinks fit, the Trustee shall ensure that an audit of such accounts is carried out by a qualified auditor; and
 - (b) if an audit is not carried out, the Trustee must ensure that an independent examination of the accounts is carried out by a qualified independent examiner.
13. An accountant engaged in an audit of the Trust's accounts shall be entitled to have access to all accounting records and other documents relating to the Trust.

Operation of bank accounts

14. The Trustee should ensure that the systems of financial control adopted by the Trust in relation to the operation of the Trust's bank accounts (including online banking) reflect the recommendations made from time to time by the Trust's auditors (or independent examiners) or other external accountants.

Payments to charities etc

15. The receipt of the treasurer or other appropriate officer for any funds or other assets paid or transferred by the Trustee to any charity shall represent sufficient discharge to the Trustee.

Limitations on liability

16. The Trustee shall not be liable for loss or depreciation of the value of investments retained or made by them, nor for omissions, nor for neglect in management, nor for insolvency of debtors, nor for the acts, omissions, neglect or default of any banker, solicitor, factor or other agent employed by them.

Trustee Conduct

17. The Trustee shall, in exercising its functions as a trustee of the Trust, act in the interests of the Trust; and, in particular, must:
 - (a) seek, in good faith, to ensure that the Trust acts in a manner which is in accordance with its objects (as set out in this Trust Deed);
 - (b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
 - (c) in circumstances giving rise to the possibility of a conflict of interest between the Trust and any other party, put the interests of the Trust before that of the other party, in taking decisions as a Trustee;
 - (d) ensure that the Trust complies with any direction, requirement, notice or duty issued to it or imposed on it in terms of the Charities and Trustee Investment (Scotland) Act 2005 or other applicable legislation.

Amendment of Trust Deed/winding-up

18. If, in the opinion of the Trustee, any change in circumstances or alteration in the law has made or is likely to make execution of the Trust Purposes impossible or impracticable, or the administration of the Trust

could be improved, or the Trust Purposes could be advanced in a more appropriate manner, the Trustee may (subject to clause 19) in its discretion:

- (a) supplement or amend the provisions of this Trust Deed or any deed supplemental to this Trust Deed; or
 - (b) wind up the Trust and transfer the Trust Property (after settlement of all debts and liabilities) to some other charity or charities having similar objects to those of the Trust.
19. In no circumstances is the Trust Property to be held or applied for any purpose which is not an exclusively charitable purpose.

Interpretation

20. In this Trust Deed:

“charity”	means a body which is either a “Scottish charity” within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 or a “charity” within the meaning of section 1 of the Charities Act 2011, providing (in either case) that its objects are limited to charitable purposes;
“charitable purpose”	means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
“Trust Deed”	means this trust deed (including any supplement or amendment thereto);
“Trust Property”	means the sum of £1 paid by us to the Trustee, and such other funds and assets as may from time to time be received by the Trustee as trustee under the Trust Deed (from us or any other person), and the assets in which any funds so received may from time to time be invested;
“Trust Purposes”	means the purposes specified in clause 1.

21. Any reference in this Trust Deed to a provision of any legislation shall include any statutory modification or re-enactment of that provision in force from time to time.

We declare that the Trust Deed shall be irrevocable.

This Trust Deed, consisting of this and the [x] preceding pages, is executed as follows:-

SIGNED for and on behalf of the said Aberdeen City Council

Signature:

Name:

Title/Role:

At Aberdeen

on [DATE]

in the presence of

Signature: Witness

Name:

Address:

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	11 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Council Annual Effectiveness Report
REPORT NUMBER	CORS/24/349
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Vikki Cuthbert
REPORT AUTHOR	Martyn Orchard
TERMS OF REFERENCE	14

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the annual effectiveness report for Council to enable Members to provide comment on the data contained within.

2. RECOMMENDATIONS

That Council:-

- 2.1 provide comments and observations on the data contained within the Council annual effectiveness report as appended to the report; and
- 2.2 note that the annual effectiveness reports of the committees have been, and are being, reported to the various committees from 5 November to 13 December 2024 inclusive.

3. CURRENT SITUATION

Annual Reports on Terms of Reference

- 3.1 The annual committee effectiveness reports were introduced in 2018/19 following a recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's work towards securing that organisation's accreditation in governance excellence. The Terms of Reference set out that each committee will review its own effectiveness against its Terms of Reference through the mechanism of the annual report.
- 3.2 The annual effectiveness reports were mentioned by CIPFA in their report which awarded the Mark of Excellence in Governance accreditation to Aberdeen City Council. CIPFA highlighted the implementation of the annual effectiveness reports as a matter of good practice in governance and were encouraged that, during consideration of the reports at committee and Council, Members had made suggestions for improvements to the reports in future years.

- 3.3 Data from the annual effectiveness reports is used to inform the review of the Scheme of Governance, ensuring that Committee Terms of Reference are correctly aligned, and identifying any areas of the Terms of Reference which had not been used throughout the year in order that they can be reviewed and revised if necessary. The information from the effectiveness reports has also been used in the past to feed into the Annual Governance Statement.
- 3.4 The reports provide a mechanism for each committee to annually review its effectiveness, including data on attendance, any late reports, referrals to Council and the number of times officer recommendations were amended, and to ensure that it is following its Terms of Reference.
- 3.5 Similarly, recording the sections or stretch outcomes of the Local Outcome Improvement Plan (LOIP) which apply to each report allows Members to be aware of the direct impact of any proposals before them on the LOIP, and gives a general overview at the end of each year of the number of reports which have had an impact on the LOIP stretch outcomes.
- 3.6 Any comments from Members on areas of data that should be considered would be welcomed to ensure that Members are presented with meaningful data.
- 3.7 The annual effectiveness report for 2023/2024 is therefore appended for Council's consideration.
- 3.8 Below are links to the annual effectiveness reports for the various committees which have been (or shortly will be) considered by the respective committees. At the time of publication of this report, the annual reports have been considered by nine of the ten committees, with the Pensions Committee still to meet on 13 December 2024.
- [Finance and Resources Committee Annual Report](#)
 - [Anti-Poverty and Inequality Committee Annual Report](#)
 - [Planning Development Management Committee Annual Report](#)
 - [Net Zero, Environment and Transport Committee Annual Report](#)
 - [Staff Governance Committee Annual Report](#)
 - [Communities, Housing and Public Protection Committee Annual Report](#)
 - [Education and Children's Services Committee Annual Report](#)
 - [Audit, Risk and Scrutiny Committee Annual Report](#)
 - [Licensing Committee Annual Report](#)
 - [Pensions Committee Annual Report](#)
- 3.9 The annual effectiveness reports have been noted at all committee meetings where they have been considered to date.
- 3.10 Section 14 of the Council annual effectiveness report provides combined data for all committees during the reporting period.

4. FINANCIAL IMPLICATIONS

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

7. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation	*Does Target Risk Level Match Appetite Set?
Strategic Risk	N/A			Yes
Compliance	Failure to submit this report would mean that the Council would not be complying with its instruction that all committees and Full Council receive such a report each year.	L	Council is given the opportunity to consider the report and provide feedback on any amendments Members would wish to see in the content so that this can be taken on board for next year's Scheme of Governance review.	Yes
Operational	N/A			Yes
Financial	N/A			Yes
Reputational	N/A			Yes
Environment / Climate	N/A			Yes

8. OUTCOMES

There are no links to the Council Delivery Plan, however the committee effectiveness annual reports link to the Scheme of Governance, by ensuring that each committee is fulfilling its Terms of Reference.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	It is confirmed by Interim Chief Officer - Governance (Assurance), Vikki Cuthbert, that no impact assessment is required.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

None.

11. APPENDICES

A Council Annual Effectiveness Report 2023/2024

11. REPORT AUTHOR CONTACT DETAILS

Martyn Orchard
Committee Lead
morchard@aberdeencity.gov.uk
01224 52067598

Council Annual Effectiveness Report 2023/2024



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1. Introduction from the Lord Provost

- 1.1 I am pleased to present the fifth annual effectiveness report for Full Council. During 2023/24, the Council made a number of significant decisions, for example the progression of the City Centre and Beach Masterplans and in relation to the presence of Reinforced Autoclaved Aerated Concrete (RAAC) within some of the city's housing stock. Furthermore, the annual review of the Scheme of Governance has resulted in a number of positive changes in terms of how the organisation conducts its business and makes decisions.
- 1.2 One of my many highlights of the past year was in September, when I hosted a civic reception at the Town House for Community Councillors and the staff who support them. I was honoured to present a number of long service certificates to Community Councillors who have given many years of distinguished service to their communities and the city as a whole. In my speech that evening, I commented that Community Councils are the first pillar of local government, and I hugely appreciated the work they do. On that note, it was very pleasing to see the progress made with the review of the Community Council governance documents which were unanimously approved by Council in April 2024.
- 1.3 It is very encouraging to see that only one exempt/confidential report was considered by Full Council in the past year, and this demonstrates our commitment to conducting as much business in public as possible. Furthermore, there were no late reports which provides a good level of assurance with regard to our governance arrangements.
- 1.4 The number and length of Full Council meetings remains a challenge, however I remain resolute in my view that it is better to adjourn lengthier meetings and re-convene on a second day, rather than continuing late into the night, without sufficient breaks and where due diligence on very important matters could be sacrificed.
- 1.5 As we approach the end of the year and the start of the festive season, I wish you all the best and good wishes for 2025.



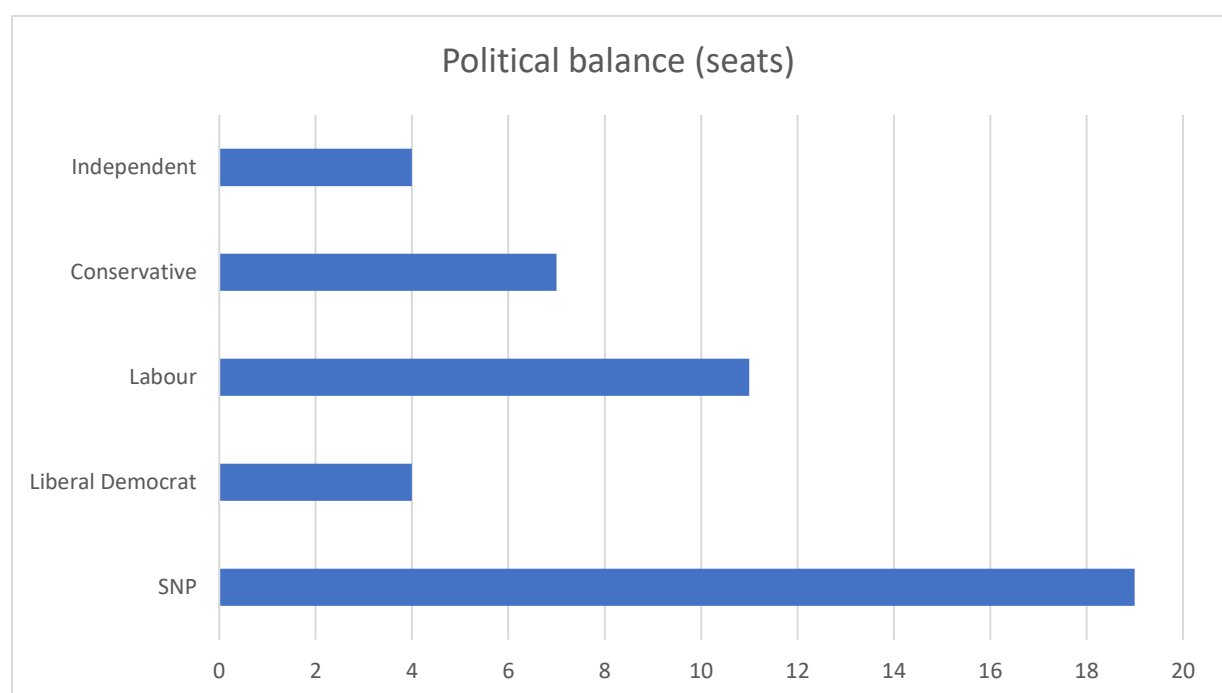
Councillor David Cameron
Lord Provost

2. The Role of the Council

- 2.1 The Council is the overall decision-making body of the organisation. It is responsible for agreeing the Council's budget and setting Council Tax. Council delegates the discharge of its functions to various committees and joint committees, as well as officers under the terms of the Local Government (Scotland) Act 1973. However, any delegation to a committee or an officer does not prevent the Council from determining the matter, or exercising the power so delegated.
- 2.2 The Terms of Reference for Council, as approved by Council in August 2024, are appended to the report.

3. Membership of the Council during 2023/2024

- 3.1 The Council has 45 Elected Members, and the composition during the reporting period (15 October 2023 to 15 October 2024) was:-



4. Membership Changes

4.1 There were no membership changes during 2023/24.

5. Member Attendance

Member	Total Anticipated Attendances	Total Attendances
Lord Provost	18	18
Depute Provost	18	18
Councillor Al-Samarai	18	16
Councillor Ali	18	18
Councillor Allard	18	18
Councillor Alphonse	18	18
Councillor Blake	18	15
Councillor Bonsell	18	18
Councillor Boulton	18	16
Councillor Bouse	18	17
Councillor Brooks	18	18
Councillor Hazel Cameron	18	18
Councillor Clark	18	18
Councillor Cooke	18	18
Councillor Copland	18	18
Councillor Cormie	18	18
Councillor Crockett	18	18
Councillor Cross	18	10
Councillor Davidson	18	18
Councillor Fairfull	18	10
Councillor Farquhar	18	18
Councillor Graham	18	18
Councillor Grant	18	18
Councillor Greig	18	18
Councillor Henrickson	18	18
Councillor Houghton	18	7
Councillor Hutchison	18	18
Councillor Kusznir	18	14
Councillor Lawrence	18	18
Councillor Macdonald	18	18
Councillor MacGregor	18	18
Councillor McLellan	18	18
Councillor McLeod	18	16
Councillor McRae	18	14
Councillor Malik	18	16

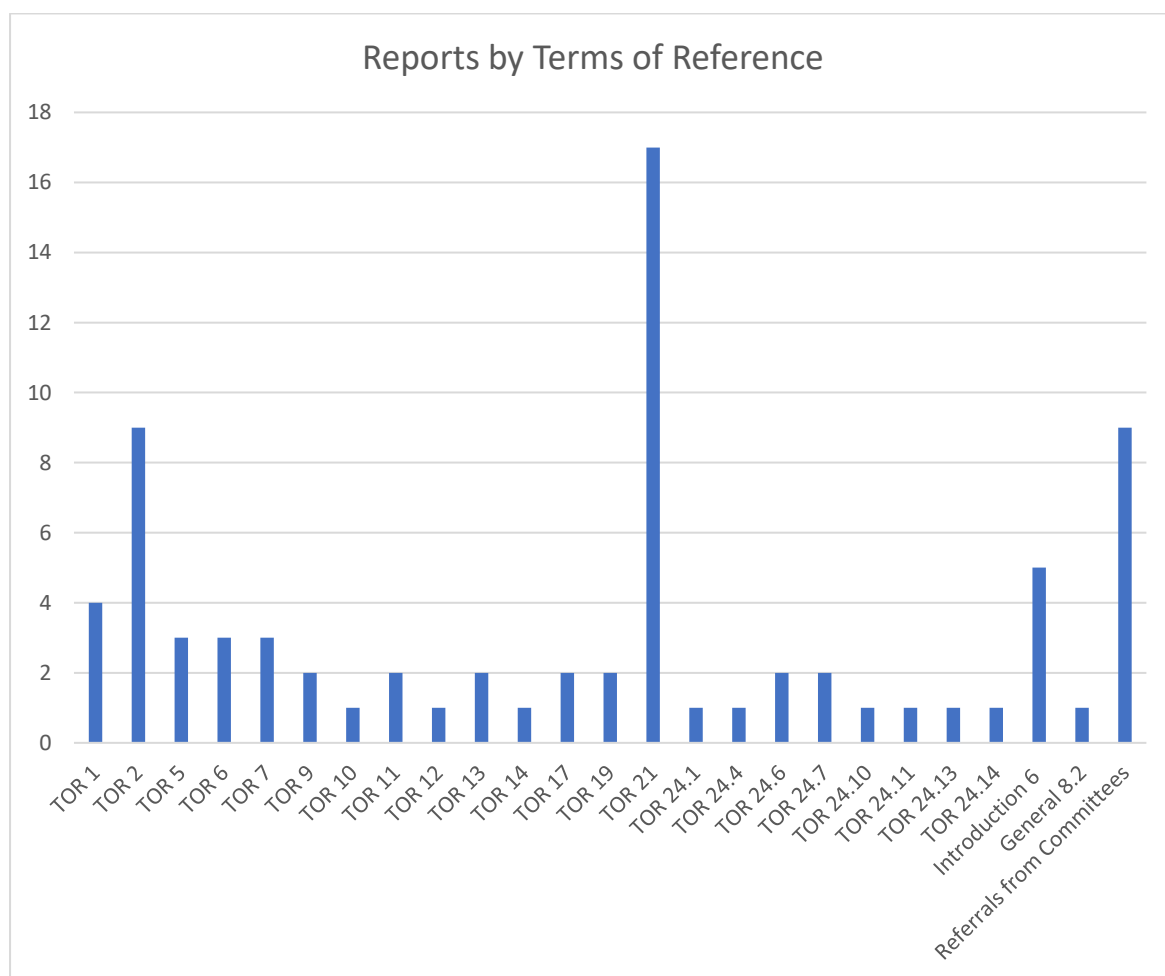
Member	Total Anticipated Attendances	Total Attendances
Councillor Massey	18	14
Councillor Mennie	18	18
Councillor Nicoll	18	17
Councillor Radley	18	18
Councillor Mrs Stewart	18	10
Councillor van Sweeden	18	18
Councillor Thomson	18	17
Councillor Tissera	18	14
Councillor Watson	18	17
Councillor Yuill	18	18

6. Meeting Content

6.1 During the 2023/2024 reporting period (15 October 2023 to 15 October 2024), the Council had 18 meetings and considered a total of 64 reports. This is a higher number of meetings than previous years, and an increase of 4 meetings from last year. Of the 18 meetings, 7 were scheduled meetings, 2 were special meetings for Community Council Governance, 4 were re-convened meetings and 5 were requisitioned meetings under Standing Order 8.2.

6.2 Terms of Reference

6.2.1 The following chart details how reports aligned to the Terms of Reference for Council. A small number of reports (5) did not fall within specific Terms of Reference and were reported to Council in accordance with Introduction 6 within the Terms of Reference document - “in accordance with Standing Order 47.7, Council can determine any matter which would otherwise fall to be determined by a committee or sub-committee”. It should be noted that the combined total is more than 64 as some reports fell within more than one of the Terms of Reference.



- 6.2.2 During the course of 2023/2024 the Council received reports under 22 of the 38 sections of the Terms of Reference, with the highest number (17) of reports falling under Terms of Reference 21 – “to consider any matter which the Council has previously considered and agreed to receive a further report on”. This is predominantly due to reports relating to the City Centre and Beach Masterplans and Reinforced Autoclaved Aeriated Concrete (RAAC) having been considered, which were previously considered at the Finance and Resources Committee or the Communities, Housing and Public Protection Committee.
- 6.2.3 Of the sections of the Terms of Reference where there were no reports, no reports were required in 2023/2024 - for example no members required to be elected to the Licensing Board and no reports needed to be considered relating to the Standards Commission for Scotland with regard to the overseeing of members’ standards of conduct. However, those Terms of Reference need to remain in place as reports will fall under those Terms of Reference in the future.
- 6.2.4 As the committee structure was reviewed in late 2022, few changes to the Terms of Reference were made following the Scheme of Governance reviews in 2023 and 2024. Any changes that were made, were generally in relation to committees to provide clarity where required, to ensure consistency between committees and to reflect the new management structure. The Terms of Reference will continue to be monitored throughout the year, in preparation for the 2025 Scheme of Governance review.

7. Reports and Decisions

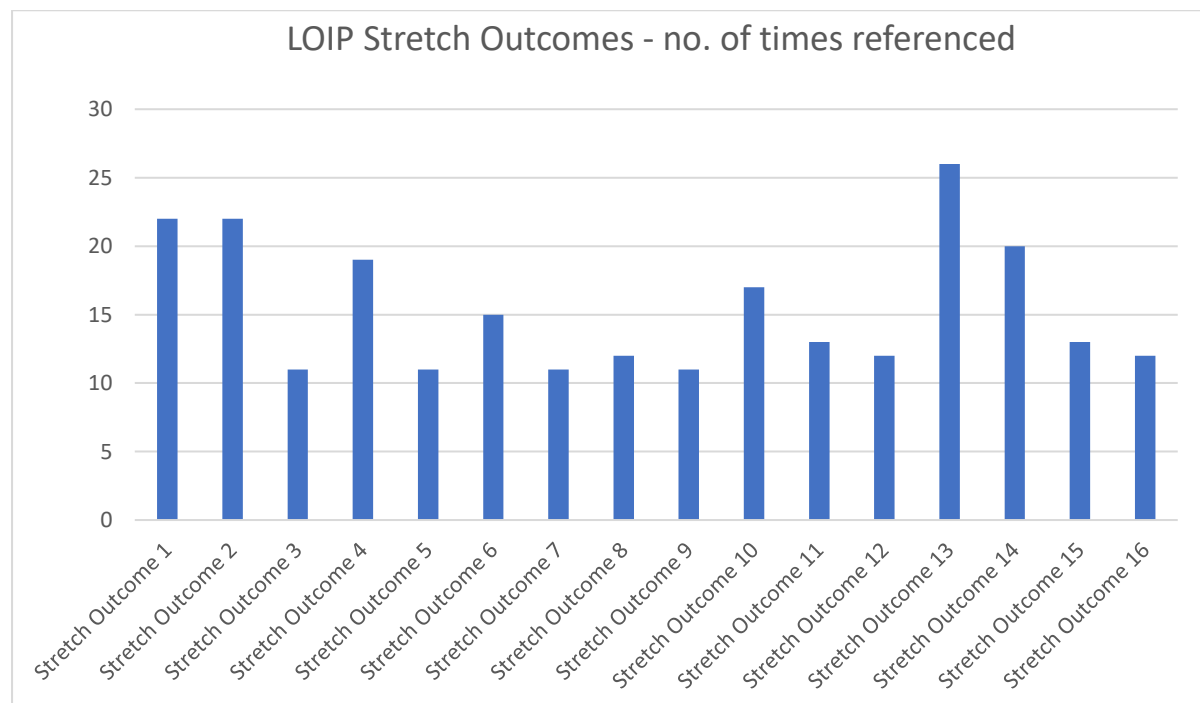
- 7.1 The following information relates to the reports and Notices of Motion presented to Council throughout the reporting period, as well as the use of Standing Orders and engagement with members of the public.

	Total	Total Percentage of Reports
Confidential Reports	1	2%
Exempt Reports	1	2%
Number of reports where the Council amended officer recommendations	11	17%
Number of reports approved unanimously	22	34%
Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner	12	
Number of reports deferred or referred to a committee	7	11%
Number of times the Lord Provost has had to remind Members about acceptable behaviour in terms of the Member Officer Relations Protocol/Councillors' Code of Conduct	9 (an increase of 1 from the previous year)	
Late reports received (i.e. reports not available for inspection at least 3 clear days before the meeting)	0	0%
Number of referrals to Council under SO 34.1	7 (an increase of 2 from the previous year)	

Notices of Motion, Suspension of Standing Orders, Interface with the Public	
Number of Notices of Motion to Council	17
Number of times Standing Orders suspended	6
Specific Standing Orders suspended	29.2 (submission of budgets) 40.2 - 4 times (length of meeting) 42.1 ("six month rule")
Number of deputations heard	12
Number of petitions considered	1

8. Reports with links to the Local Outcome Improvement Plan

- 8.1 The following table details of the 64 reports, how each report linked to the Local Outcome Improvement Plan (LOIP). The LOIP Stretch Outcomes are appended to this report for reference at Appendix 1. As can be seen from the chart below, the most common Stretch Outcomes referred to were Stretch Outcomes 1 (20% reduction in the percentage of people who report they have been worried they would not have enough food to eat and/or not be able to heat their home by 2026), 2 (74% employment rate for Aberdeen City by 2026), 13 (Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate) and 14 (increase sustainable travel: 38% of people walking; 5% of people cycling and wheeling as main mode of travel and a 5% reduction in car miles by 2026).



9. Training and Development

- 9.1 Committee specific training opportunities for Members during the reporting period are covered within the committee annual effectiveness reports. Further development opportunities will be considered for next year based on committee business throughout the year, Executive Lead proposals and Member feedback on what may be required to assist them in performing their roles.

10. Code of Conduct Declarations and Transparency Statements

- 10.1 14 declarations of interest and 113 transparency statements were made by Members during the reporting period. Information in respect of declarations of interest and transparency statements is measured to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

11. Civic Engagement

- 11.1 Civic leadership and engagement are at the heart of the Council's Operating Model. The values and principles of civic leadership and engagement are being driven through the Council's transformation programme.
- 11.2 There have been good examples of civic engagement in the course of business submitted to Council in 2023/24, for example in relation to Community Council Governance, the City Centre and Beach Masterplans, the Council's budget consultation and in relation to the review of polling districts and polling places. A number of different consultation events took place with good levels of attendance and high levels of engagement.
- 11.3 Further civic engagement activities are set out in each committee's individual annual effectiveness report.

12. Executive Lead - Commentary

- 12.1 This has been an extremely busy year for Council which has made key decisions on city centre masterplanning projects, transformation activity and the very complex response to Reinforced Autoclaved Aerated Concrete (RAAC) in some of the city's housing stock. The Council's Medium Term Financial Strategy was the subject of two comprehensive reports, updating members on the serious financial challenges faced within the city and on the public's response to two rounds of engagement on potential budget options. It has also responded to an increased number of referrals from committees. The volume of business under consideration has resulted in some scheduled Council meetings being adjourned in order that business can be concluded on a second day.
- 12.2 Notwithstanding, Council has achieved some significant milestones by setting a balanced budget in March 2024, approving the revised Council Delivery Plan and Community Planning Aberdeen Outcome Improvement Report and Locality Reports, and the Scheme of Governance following its annual review by the cross-party Governance Reference Group. In addition, the Scheme for the Establishment of Community Councils was unanimously approved, including some boundary changes, in order to support our growing number of operational community councils in the city.

13. The Year Ahead

- 13.1 In December 2024, the Council will consider a report on Phase 2 of the Budget consultation which follows on from the Council decision of 3 July 2024 to update the Budget Protocol as part of the Scheme of Governance. This helps to ensure that elected members understand the impact, under the Public Sector Equality Duty, of the budget agreed by Council in March 2025.
- 13.2 During the 2024/25 annual reporting period, officers will progress the transformation programme to allow the Council to set a budget in a manner that strategically allocates resources against the Local Outcome Improvement Plan. The Council's outcome focused approach recognises the influence which local authority services can have on the health and wellbeing of citizens. These wider determinants of health, specifically how they might prevent poor outcomes, will be reflected in the budget report and associated delivery plan due to come before Full Council in March 2025. A development programme to increase awareness and understanding of the wider determinants of health and support the use of relevant evidence in decision making will be available for elected members and staff during 2024/25.

14. Combined Committee Data

- 14.1 During the reporting period, 366 reports were considered by the 10 committees which are the subject of annual effectiveness reports. This does not include reports relating to planning or licensing applications which are subject to a separate reporting process, however these are covered in the annual reports for the Planning Development Management and Licensing Committees.

	Total	Total Percentage of Reports
Confidential Reports	0	0%
Exempt Reports	24	6.5%
Number of reports where the Committee amended officer recommendations	11	3%
Number of reports approved unanimously	304	83%
Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner	16	
Number of reports delayed for further information	0	0%
Number of times the Convener has had to remind Members about acceptable behaviour in terms of the Code of Conduct	0	
Late reports received (i.e. reports not available for inspection at least 3 clear days before the meeting)	2	0.5%
Number of referrals to Council under SO 34.1	7	

Number of Notices of Motion	12
Number of times Standing Orders suspended	9
Number of deputations heard	16
Number of petitions considered	0

Appendix 1 - Local Outcome Improvement Plan Stretch Outcomes

Economy	
1.	20% reduction in the percentage of people who report they have been worried they would not have enough food to eat and/ or not be able to heat their home by 2026
2.	74% employment rate for Aberdeen City by 2026
People (Children & Young People)	
3.	95% of all children will reach their expected developmental milestones by their 27-30 month review by 2026
4.	90% of children and young people report they feel listened to all of the time by 2026
5.	By meeting the health and emotional wellbeing needs of our care experienced children and young people they will have the same levels of attainment in education and positive destinations as their peers by 2026
6.	95% of children living in our priority neighbourhoods (Quintiles 1 & 2) will sustain a positive destination upon leaving school by 2026
7.	83.5% fewer young people (under 18) charged with an offence by 2026
8.	100% of our children with Additional Support Needs/disabilities will experience a positive destination
People (Adults)	
9.	10% fewer adults (over 18) charged with more than one offence by 2026
10.	Healthy life expectancy (time lived in good health) is five years longer by 2026
11.	Reduce the rate of both alcohol related deaths and drug related deaths by 10% by 2026
12.	Reduce homelessness by 10% and youth homelessness by 6% by 2026, ensuring it is rare, brief and non-recurring with a longer term ambition to end homelessness in Aberdeen City.
Place	
13.	Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate
14.	Increase sustainable travel: 38% of people walking; 5% of people cycling and wheeling as main mode of travel and a 5% reduction in car miles by 2026
15.	26% of Aberdeen's area will be protected and/or managed for nature and 60% of people report they feel that spaces and buildings are well cared for by 2026
Community Empowerment	
16.	100% increase in the proportion of citizens who feel able to participate in decisions that help change things for the better by 2026

Appendix 2 - Council Terms of Reference

ABERDEEN CITY COUNCIL

The Council reserves the following functions:

1. The setting of council tax in accordance with s93(1) of the Local Government Finance Act 1992 or the setting of a reduced amount of council tax under s94 of that Act or paragraph 3 of Schedule 7 to that Act.
2. The setting of a balanced budget annually, including the setting of fees and charges, including the approval of commissioning intentions and service standards.
3. The approval of the capital programme.
4. The borrowing of money as provided for in s56(6)(d) of the Local Government (Scotland) Act 1973.
5. The approval of any annual investment strategy or annual investment report required by any consent issued by Scottish Ministers under s40 of the Local Government in Scotland Act 2003.
6. The approval of the Council's Treasury Management Policy and Strategy.
7. The appointment of committees, including external members, and the number and allocation of committee places, the appointment and removal from office of the Lord Provost, Depute Provost, Leader or Co Leaders and/or Depute Leader and a convener for each committee and a vice convener as appropriate and the approval of senior councillor allowances. However the appointment of external *advisers* to committees is not reserved to the Council and may be undertaken by the relevant committees themselves.
8. The election of members to the Licensing Board.
9. The review of polling districts and polling places.
10. Subject to the Powers Delegated to Officers, the administration of trusts in respect of which the Council is sole Trustee.
11. The approval of the Local Development Plan.
12. The approval of an Administration's political priorities.
13. The consideration of the Council's Delivery Plan.
14. The consideration of its annual report of its effectiveness.
15. The consideration, where required, of reports by both the Standards Commission for Scotland and the Financial Conduct Authority, and the overseeing of members' standards of conduct.
16. The establishment of the Appointment Panel in accordance with the Standing Orders for Council, Committees and Sub Committees.
17. The approval of the Council's Scheme of Governance.
18. The approval of the Council/Committee Diary.
19. The approval of Schemes for the Establishment for Community Councils and the review or amendment of such Schemes in terms of sections 52 and 53 of the Local Government (Scotland) Act 1973; and the revocation of such Schemes (or amended Schemes) and the making of new Schemes in accordance with section 22 of the Local Government etc. (Scotland) Act 1994.
20. The establishment of Working Groups.

- 21. To consider any matter which the Council has previously considered and agreed to receive a report (or further report) on.
- 22. To consider Monitoring Officer reports under Section 5 of the Local Government and Housing Act 1989.
- 23. Making schemes for the reorganisation of educational endowments under section 112(2) or 112(3) of the Education (Scotland) Act 1980.

24. ANALYSIS

- 24.1 to receive a bi-annual Population Needs Assessment to understand the needs which public bodies must address;
- 24.2 to receive, as appropriate, an in-depth analysis of key groups, priorities and challenges across public services to identify and action potential efficiencies and improvements to help ensure that the needs of customers and citizens are met and commissioning intentions are delivered; and
- 24.3 to receive, as appropriate, sufficiency and market analyses to understand existing and potential provider strengths and weaknesses, and identify and take action in respect of any opportunities for improvement or change in providers.

PLANNING

- 24.4 to endorse the refresh of the Local Outcome Improvement Plan (LOIP) including recommending any changes which may be required; and
- 24.5 to approve annual procurement workplans, reflecting the LOIP, the Population Needs Assessment, the Council's commissioning intentions, the Council's service standards, the views of customers and citizens, and the best evidence of effective interventions to ensure a preventative focus on demand reduction.

DOING

- 24.6 to establish Arm's Length External Organisations (ALEOs) where it is determined that services should not be provided in-house;
- 24.7 to decommission services, including ALEOs, that do not meet the Council's commissioning intentions and outcomes;
- 24.8 to take such action to ensure that appropriate supply management and capacity building (market facilitation) is in place to ensure a good mix of resilient service providers, that offer customers an element of choice in how their needs are met; and
- 24.9 to approve the Strategy Framework to facilitate the delivery of agreed outcomes.

REVIEWING

- 24.10 to approve amendments to the Council's Performance Management Framework (PMF);
- 24.11 to receive annual reports on the LOIP and Locality Partnership Plans;
- 24.12 to consider and monitor performance associated with the Council's agreed commissioning intentions and ultimate contribution to the LOIP outcomes;
- 24.13 to receive annual reports from each of the Council's ALEOs to enable scrutiny of performance;

24.14 to receive an annual procurement performance report to enable scrutiny of performance; and

24.15 to receive reports on any changes in legislative requirements, policy and population needs which may facilitate opportunities to work differently to improve outcomes or may require revisions to existing commissioning intentions and outcomes.

For the avoidance of any doubt, this reservation 24 does not affect the Terms of Reference of the Pensions Committee, Aberdeen City Region Deal Joint Committee or Aberdeen City Integration Joint Board, and it does not prevent the exercise of delegated powers where authority is delegated to officers under the Powers Delegated to Officers, Procurement Regulations or otherwise.

EXECUTIVE LEAD: CHIEF EXECUTIVE

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5 February 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Feb 2025 RAAC Update
REPORT NUMBER	F&C/25/030
DIRECTOR	Families and Communities
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Stephen Booth
TERMS OF REFERENCE	1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide members with a formal update on the progress being made implementing Council instructions relating to RAAC in Balnagask, including the options available to the Council to compulsorily acquire properties, and provide an indicative timeline for the completion and reporting of outstanding instructions.

2. RECOMMENDATIONS

That Council:-

- (a) Note the list of instructions from the meeting of Council in August 2024 and agrees the proposed reporting method for each of these as noted in the Report;
- (b) Note that the Health and Safety of residents remains a priority and that inspections continue to be carried out as part of our mitigation strategy;
- (c) Note the progress with the voluntary acquisition process of privately owned accommodation, the next steps in the process;
- (d) Note the options available for CPO and agree that the measures are not in place at this time to support a CPO and that the voluntary acquisition process remains the preferred option;
- (e) Note the alternative options proposed by the Torry RAAC Campaign Group Management Committee and instruct officers to explore the feasibility, benefits and risks associated with each option, alongside any other identified opportunities to support owners, and report the findings to a future meeting of the Communities Housing and Public Protection Committee; and
- (f) Note that further Reports on the subject will be brought to the budget meeting and the next meeting of the Communities Housing and Public Protection Committee as outlined from paragraph 3.2.

3. CURRENT SITUATION

- 3.1 At its meeting on 21st August 2024, the Council considered a Report on Housing with RAAC at Balnagask [CORS/24/233](#). This Report provides an update on relevant instructions from Council and outlines proposed future reporting proposals, whilst also looking for decisions on evolving issues.

3.2 A summary of decisions and progress is noted below:

Decision	Committee Reporting/ Update
(a) note the engagement undertaken over the summer period and thank the community for their participation and contributions to the online engagement and drop-in sessions. In addition, note the planned follow-on engagement with RAAC impacted owners and residents.	<p>All owners and tenants were written to with the committee decision.</p> <p>Officers have met with the Management Committee and community representatives on several occasions.</p>
(b) agree that the optimum option is the demolition and rebuild of homes on site and instruct the Chief Officer - Capital to proceed with the demolition aspect of this (Option 4a), and report back to the next appropriate meeting of the Communities, Housing and Public Protection Committee on the initial phasing of demolition and landscape details.	<p>Technical work to progress this option is currently being undertaken.</p> <p>This will be Reported to the Communities, Housing and Public Protection Committee on 11 March 2025.</p>
(c) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Capital, Chief Officer - Housing, and the Chief Officer - Finance, to assess the 'building new homes' option as alluded to in Option 4b with consideration towards undertaking a detailed masterplanning exercise assuming the site is vacant to determine future redevelopment proposals. For the wider site give consideration to creation of appropriate greenspace, preferred housing mix, opportunities to extend tenure mix and provision for housing for varying need and report this to a future meeting of the Communities, Housing and Public Protection Committee in 2025 (as early as possible).	<p>A further Report on the redevelopment proposals prior works to be progressed on the masterplan and site.</p> <p>The next update in these works is proposed to be Reported to Communities, Housing and Public Protection Committee in late 2025 (provisionally 11th November 2025).</p>
(d) approve the funding noted within the Financial Implications section of the recommendations and instruct the Chief Officer - Capital, following consultation with the Convener of the Finance and Resources Committee, and the Chief Officer - Procurement, to procure appropriate works and services, and enter into any contracts necessary for the delivery of the demolition, masterplanning and landscaping works without the need for further approval from any other Committee of the Council subject to due diligence, consistency with the financial model and affordability and regular update on progress of project delivery to the Communities, Housing and Public Protection Committee.	<p>This technical detail of the instruction will be updated in the Report to Communities, Housing and Public Protection Committee on 11 March 2025.</p> <p>The ongoing financial implications will also be considered in the Budget Report on 5 March 2025.</p>
(e) instruct the Chief Officer - Corporate Landlord to look at a range of delivery options for new housing on the site including opportunities to work with partners to meet the masterplan aspirations, and the requirement of the Housing Revenue Accounts 30 year business plan; reporting this in as part (ii) above.	<p>This work has not progressed in any detail although some informal discussion has been undertaken to assess developer interest in this site.</p> <p>Work will be progressed when decisions are made around demolition and phasing by the Communities,</p>

	Housing and Public Protection Committee on 11 March 2025.
<p>(f) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Finance to take forward negotiations with private owners to acquire their properties voluntarily at Market Value, noting that this would be a valuation of the property at the current date and be on the same basis as the CPO process.</p> <p>In addition to Market Value the Council would be willing to meet reasonable legal and professional costs along with home loss and disturbance payments.</p>	This work is currently being progressed and is outlined in Section 3 of this Report.
<p>(g) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Housing as part of the negotiations with private owners to assess the housing options available for each individual owner to identify any support that can be offered in rehoming.</p>	This work is currently being progressed and is outlined in Section 3 of this Report.
<p>(h) instruct the Chief Officer - Corporate Landlord in consultation with the Chief Officer - Governance to bring back a report to Council in late 2024/early 2025 on options available to the Council to compulsorily acquire private properties to assist the delivery of the agreed option where required.</p>	An update in relation to this instruction is included within Section 3 of this Report.
<p>(i) instruct the Chief Officer - Housing to continue the re-homing process and report progress to the Communities, Housing and Public Protection Committee on a regular basis, noting that there may be requirements to commence legal proceedings under the Scottish Tenancy Agreements, where tenants refused to move to alternative accommodation having received reasonable offers of alternative accommodation to ensure that tenant safety remains the Council's primary objective.</p>	<p>The current position in relation to Council tenants is noted as follows as of 15 January 2025:</p> <p>Total No. of Council properties - 366 No. of properties still occupied - 69 No. of occupied properties where an offer of new tenancy has been made - 21 No. of occupied properties where an offer has been accepted - 44 No. of homes where no offer has been accepted - 4</p> <p>Officers are working closely with those tenants where no alternative accommodation has been agreed and will continue to do so with the intention of avoiding legal proceedings unless there is no other reasonable option.</p>
<p>(j) note that the Chief Officer - Housing ensured a continued offering of support to impacted individuals and families as they go through the rehoming process and settle into their new homes and communities.</p>	This workstream is progressing with no further committee reporting required.
<p>(k) note that the Chief Officer - Housing and Chief Officer - Corporate Landlord would continue to engage with the Scottish Housing Regulator regarding progress with the delivery of the</p>	This workstream is progressing and the Regulator will continue to be updated through the annual assurance statement and other informal channels.

preferred option to ensure that any impact on our wider housing performance standards was taken into account, during regulation and consideration of the Council's performance.	
(l) note that any private tenants (as well as private owners) can be added to the RAAC Impact housing list as per the decision of the Urgent Business Committee held on 29 February 2024.	<p>This workstream is progressing with no further committee reporting required.</p> <p>At 20 January 2025, 16 owners and 7 private tenants are / have been in discussions over moving within the Council's housing stock. Of those owners/private tenants, 5 private owners and 3 private tenants have been rehomed.</p>
(m) note the approved £3m budget as reported at the Urgent Business Committee on 29 February 2024 including but not limited to, additional staffing costs, specialist consultant fees, contractors costs for access and works, rehoming costs, temporary accommodation, school transport, utilities connections and security costs for the wider site. To note the spend to date in relation to the rehoming programme as identified within paragraph 4.2.	<p>This element of the instruction will be updated in the Report to Communities, Housing and Public Protection on 11 March 2025. The ongoing financial implications will also be considered in the Budget Report on 5 March.</p>
(n) approve the virement of £4m within the HRA Capital Programme Budget as described in section 4 to set aside the initial funds needed to progress the approved works.	<p>This workstream is progressing with no further committee reporting required.</p>
(o) instruct the Chief Officer - Finance to include the financial consequences of the report within the 30 year business plan for the HRA, which was due to be reported in September 2024.	<p>This workstream is ongoing and will continue to be reported through the Housing 30 year Business Plan.</p>
(p) note that ongoing dialogue with Scottish Government officials and Housing Minister regarding financial implications, including financial flexibilities, and future housing need, meant the Council may request that the Scottish Government consider a statutory dispensation to permit the Council certain flexibilities, and instruct the Chief Officer - Finance to request that dispensation, where required.	<p>This will be further considered following the decisions made at the Council Budget meeting on 5 March 2025.</p>
(q) note the Chief Officer - Finance would determine the accounting treatment for any expenditure incurred to address the RAAC situation, taking account of legislation, proper accounting practice, statutory guidance issued by Scottish Ministers, flexibilities approved by Scottish Ministers and, in the event of funding being made available to the Council, how that would be treated. Note that early engagement with external audit would take place as part of determining the accounting treatment to be applied.	<p>This will be further considered following the decisions made at the Council Budget meeting on 5 March 2025 and will continue to be monitored thereafter.</p>

(r) instruct the Chief Executive to formally advise both the UK and Scottish Government of the Council's decision on the preferred option, the financial impact for the Council and private owners, and request a joint meeting with both the relevant UK and Scottish Government Ministers to discuss funding support for the short-term costs and longer-term housing development requirements.	<p>Letters have been sent to both the UK and Scottish Governments.</p> <p>It has not been possible to arrange a joint meeting to discuss. Responses from both Governments are available.</p>
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Progress with Voluntary Acquisition

- 3.3 Since the Council's decision on 21st August to progress with Voluntary Acquisition, correspondence has been sent to all residents to advise them of the decision. Officers engaged with the Valuation Office Agency to progress with the Valuation and assessment of loss process. Atkins Realis, who had supported the previous option appraisal and new build progress, were engaged to provide further support in co-ordinating the process, meeting with residents where this was requested and guiding them through the process. Scottish Action for Mental Health (SAMH) have also been engaged to provide mental health support to any owners who feel this may be required.

- 3.4 Throughout the voluntary acquisition process owners have been contacted by letter in September, October and November 2024. Letters have been issued by a mixture of email, royal mail and guaranteed delivery at the different stages of the process. Owners have also been offered a meeting with Atkins Realis to discuss Council decisions, the voluntary acquisition process and at owners request have been linked with the Valuation Office Agency to undertake an independent valuation survey of their property and thereafter provide an offer for purchase.

Further details in relation to communication timeline can be found at;

<https://www.aberdeencity.gov.uk/services/housing/raac-housing>

- 3.5 The level of engagement at 20 January 2025;

Number of homes in private ownership	138
Owners who have engaged and proceeded to valuation inspection	55
Owners who have engaged but have decided not to proceed to valuation inspection	21
Owners who have engaged but are undecided whether to progress to valuation inspection	29
Owners who have not responded to any correspondence	33
Number of formal offers made for voluntary acquisition	46
Number of owners who have indicated they will accept	4
Number of concluded acquisitions	0

- 3.6 The level of concluded deals represents the financial and other difficulties faced by owners due to the presence of RAAC within their home, predominantly the financial implication of this, coupled with difficult property market conditions in the city in relation to where values may have been before.
- 3.7 For clarity the Council are making offers on a voluntary basis to include the following:
- Current Market Value of Property (This is the value of the property as it is today)
 - Home loss Payment (10% of Market Value)
 - Disturbance costs (moving costs etc.)
 - Reasonable fees (solicitors/ property advise etc.)

Alternative proposals from residents

- 3.8 Senior officers from the Council have met with RAAC Management Group representatives on several occasions both on and off site to discuss the very difficult situations for owners and residents. These meetings have provided updates on council decisions, details on the process around voluntary acquisition along with house keeping and other issues in the area. This has given officers an opportunity to correct any misunderstanding and allowed residents an opportunity to raise other related general issues.
- 3.9 On 23 December 2024, following a number of conversations involving officers, the Torry RAAC management Group submitted a proposal of alternatives to voluntary acquisition for consideration by officers and in turn the Council. This is attached as Appendix in 11.1. Officers ask members to note that the paper is written from owners perspective and does not fully reflect all the interdependences on items such as availability of stock, location, demand v needs and infrastructure. At this stage it would be prudent to consider all unintended consequences that may arise and fully report on these allowing members to make a decision. Regardless of these issues, the proposals are briefly described below and officers seek instructions to explore these further.

3.10 Roof replacement option

In its simplest form, owners would like the Council to consider ringfencing part of the site (approx. 50 of the 372 buildings) and removing the RAAC roofs from these properties and replacing them with a new timber cartridge roof. Those residents interested could then be allocated one of these properties and be able to remain in the community.

The residents have no expectation or requirement to see the properties upgraded to current standards by the Council and these associated costs would remain with the owners.

3.11 House ex-cambion (swap) option

Owners have asked the Council to consider whether they would be prepared to offer owners the opportunity to swap their property with an existing Council properties (which they would then be the owners of) with a like for like value (or with a balancing payment).

Other considerations to support voluntary acquisitions

- 3.12 In order to remain open to alternative ways to deal with what is a health and safety situation, officers will continue to explore other proposals which may assist Owners to

move. Officers are seeking instruction to explore any other viable opportunities which may include shared equity options.

- 3.13 Due to the nature by which properties have been sold, there are parts of the area where there is very limited Council ownership and there are a small number of terraces which are wholly within private ownership or the council have a minority. The opportunity exists for these owners to approach to Council looking to replace their roofs and asking the council for either grant or loan support to undertake this work and in doing so ask the Council to contribute to the costs of meeting repairs to the council property. Officers recommend that this would require to be considered on a case by case basis with any Report brought to Finance and Resources committee should this materialise.

Compulsory Purchase Order (CPO) process (es)

- 3.14 On 21st August 2024 officers were asked to report back on the process for Compulsory purchase to enable the Council to take a view on if it wished to pursue this process.
- 3.15 Officers have given further consideration to the CPO process and the variety of delivery options available.
- 3.16 The Council have the opportunity to pursue a CPO under either the '*Housing Renewal Areas/Demolition Notices/Voluntary Acquisition and Compulsory Purchase under the Housing (Scotland) Act 2006*' or the *Voluntary Acquisition and Compulsory Purchase under the 1987 Act* or the *Voluntary Acquisition and Compulsory Purchase under the Town and Country Planning (Scotland) Act 1987*.
- 3.17 There are benefits and disbenefits of each route, but regardless of these routes there is a requirement be able to deliver any proposed scheme which may include having a consent in place for a replacement scheme and the ability to complete the scheme over a reasonable time. As the masterplan work is ongoing and any scheme has no funding at this time and is unlikely to be independently financially viable there is risk in progressing a CPO and being able demonstrate its deliverability. Likewise the barriers to development, in particular planning consent, would also be a risk to future delivery.
- 3.18 It is the opinion of officers that it would be unwise to proceed to CPO at this time whilst significant numbers of owners are engaged in the voluntary process and until such time as there is funding in principle and a delivery mechanism in place for the redevelopment of the site.

Approach to Risk - Progress with property inspections/ re-inspections and updated structural engineers advise

- 3.19 The Councils primary approach to addressing the health and safety risk has been to undertake detailed surveys of sampled properties and to continue to re-inspect occupied properties in council ownership. Completed surveys will continue to be made available on-line and shared on request with adjoining owners or those with shared roofs.
- 3.20 In relation to detailed structural engineering assessment of the properties, all properties that have had a detailed inspection undertaken by the Councils engineers (over 140 properties) have been identified as high risk as defined by the IstructE guidance. None have at this time have moved to critical risk.

- 3.21 All Council owned properties which are still occupied have had this inspection undertaken with the exception of 8 properties. In 3 off these properties tenants have moved out, 1 is due to move on 3rd February and access is being negotiated with tenant on the other 4 properties.
- 3.22 A programme of re-inspection of Council property is also underway as part of the mitigation strategy for the risk. Should the current situation in relation to the condition change members will be advised by Service Update.

4. FINANCE IMPLICATIONS

- 4.1 This Report considered the financial implications in relation to the voluntary acquisition process and also introduces some other options which the Council may wish to consider.
- 4.2 The full anticipated cost of voluntary acquisition is, at this time, in the region of £12.75 million. Voluntary acquisition is entirely a matter for the Council's General Fund, for which there is currently no budget approved. This will require to be considered as part of the budget setting process on 5 March 2025.
- 4.3 It should be noted that the circumstances surrounding valuation of private properties, is also impacted by fluctuations in the property market, where regardless of the existence of RAAC in those properties there has been a downward movement in value recently.
- 4.4 A number of alternative proposals have been suggested by property owners which require further consideration and cost implications. Officers are seeking agreement to consider these works along with any other options which may be identified and report back.

5. LEGAL IMPLICATIONS

5.1 Voluntary Acquisition

The Council's preferred strategy of addressing private properties affected by RAAC remains to voluntarily acquire same. This approach practically aligns with the Council's wider instruction to demolish Council affected properties, and is considered the optimum option for streamlining the approach to delivering housing and fully addressing the safety concerns. The Council continues to offer compensation packages in accordance with statutory requirements per the Land Compensation (Scotland) Act 1973.

5.2 Compulsory Purchase

The Council has statutory powers to determine and initiate a Compulsory Purchase Order (CPO) where it is determined necessary to acquire privately owned properties and where there are legally justifiable reasons for same. Use of CPO powers are subject to strict legal requirements and depending on which legislative framework is adopted, the grounds for CPO action can encompass various reasoning. It should be noted that the officers are not in a position to ask members to make a decision on CPO as the financial and legal considerations are not met. Voluntary acquisition remains the preferred method to address affected private properties.

5.2 Building Scotland Act 2003

While voluntary acquisition efforts remain ongoing, officers are investigating options for those private owners who are not engaging in the voluntary process. Legal officers continue to work with appropriate council services to advise on appropriate legal powers necessary to address Council concerns and remedy potential safety concerns.

The Building (Scotland) Act 2003, the Housing (Scotland) Act 1987 and 2006 provides powers for the Council to address dangerous and defective buildings, and provide enforcement mechanisms on private owners to address properties that fall below minimum housing standards. At the moment, use of these powers is not considered the optimal approach to addressing RAAC concerns within Balnagask.

5.4 Emergency Measures

Where structural conditions deteriorate to an extent that poses an imminent risk to safety (heightened risk level beyond the recommendations within our expert reports), the Council may consider exercising powers which include evacuation and temporary rehousing measures (non-exhaustive list). Given the implications of these options, Council officers are taking an expert-led approach with safety considerations being forefront, while opting for a people-led voluntary approach per 5.1 of this Report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no significant changes in the environmental impact of the decisions requested in those highlighted in the Option Appraisal Report on 21st August.

6.2 As noted in the Report on 21st August 2024, a screening exercise was undertaken to inform whether an Environmental Impact Assessment is required in relation to the future demolition of properties. This was submitted to the Planning Authority for a decision in late December 2024 and the Planning Authority have confirmed that this will not be required. This was not a process open to public engagement.

6.3 This decision allows officers to work through the next steps in this process in order to present a Report to the next CHPP Committee which will address the demolition and landscaping proposals for the site. This process will identify the range of environmental concerns around noise, dust, access, phasing and possible timings and engagement. Demolition timings will be subject to the Council being able to secure vacant possession of properties.

7. RISK

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	CPO is advanced prematurely and not granted	It is proposed not to progress CPO until voluntary acquisition process has been given	L	yes

		adequate time and all other requirements are in place.		
Compliance	Failure of RAAC Panels	<p>Surveys continue to be undertaken to council owned and void properties and an update on health and safety implications is included in this report.</p> <p>The programme to re-home council tenants is well advanced and will continue to be progressed.</p> <p>Owners have been made aware of RAAC presence. They have been advised to seek independent advice. Example of survey findings undertaken on Council properties have been shared on-line. Owners have been invited to take part in the voluntary acquisition process.</p> <p>FAQ's have been prepared and continue to be updated.</p>	M	Yes
	Legal process	Legal advice is being taken at all parts of the process. Officers have written to the Housing Regulator advising them of the impact of the identification of RAAC within our housing stock and the subsequent steps required to manage it will have on our wider housing performance standards.	L	yes
Operational	Failure of a RAAC panel.	This is a health and safety issue. As above, affected tenants are being rehomed. A short-term management strategy has been applied to properties containing RAAC panels until such time as the property is decanted.	M	Yes
	Wider pressure on housing stock.	Housing team to manage and monitor and report to the Board where there is significant change.	L	Yes
Financial	The current financial burden to mitigate the RAAC impact is still being progressed and is in the process	<p>Work with housing, legal, finance and external advisor teams to understand and address the RAAC impacts to inform future reports to CHPP and Budget Reports.</p> <p>No external funding stream to support the Council (or owners) has been identified and funding</p>	M	No

	of being quantified. There is significant financial strain on owners as a result of RAAC	required to address current decision will impact both HRA and General funds. This will impact rent levels and service delivery. The council have agreed to voluntary acquire homes and provided opportunity for owners to join council house waiting lists this report considers further options.	M	No
Reputational	Failure of a RAAC panel.	This is a health and safety issue. As above, affected tenants are being rehomed. A short-term management strategy has been applied to properties containing RAAC panels until such time as the property is decanted.	L	Yes
	Failure to engage effectively with tenants and owners	Implement communication and engagement plan.	L	Yes
	Recognising difficulties that owners will have in relation to RAAC in their homes.	ACC have appointed VOA to provide valuation advice and make offers for properties. SAMH and Atkins Realis have also been instructed to provide support as required.	M	No
Environment / Climate	n/a			

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	The issues arising with the occurrence of RAAC in our housing stock requires us to work collaboratively across clusters to ensure the housing stock is safe and meets the varying needs of our citizens. The goal is to ensure that our current housing stock is fit for the future and brought up to the highest standards where possible..
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	The actions from this report will help mitigate the immediate impact on affected tenants ensuring that they are prioritised for rehoming and are supported financially throughout the process but within the

			capped limits set by current legislation
Prosperous Outcomes	People	Stretch	Taking early intervention action as outlined within this report will help mitigate any negative impact on people's physical and mental wellbeing.
Prosperous Outcomes	Place	Stretch	This report has collated information from various workstreams including stakeholder engagement sessions to inform recommendations to mitigate the occurrence of RAAC in Council housing stock at Balnagask. Future reports and actions will take account of the Regional and City Strategies to formulate any further recommendations

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	<p><u>IIA 21st August 2024</u></p> <p>A link to the IIA prepared for Council on 21st August is attached. It is not considered that there is any significant change in instruction within this report which would alter the impacts previously considered. link to IIA - 21st Aug</p>
Data Protection Impact Assessment	Not required
Other	

10. BACKGROUND PAPERS

- 10.1 Report to Urgent Business Committee on 29 February 2024 - Reinforced Autoclaved Aerated Concrete (RAAC) Update, RES/24/086
- 10.2 Report to Communities, Housing and Public Protection on 30 May 2024 - RAAC Funding Update - May 2024, F&C 24/154
- 10.3 Council on 3 July 2024 (RES/24/204)
- 10.4 Council 21st August 2024 - Housing with RAAC at Balnagask (CORS/24/233)

11. APPENDICES

- 11.1 Proposal From Residents Group

12. REPORT AUTHOR CONTACT DETAILS

Name	Stephen Booth
Title	Chief Officer Corporate Landlord
Email Address	stbooth@aberdeencity.gov.uk
Tel	

Proposal to Aberdeen City Council to Consider Viable Alternatives to a Compulsory Purchase Order for Balnagask RAAC Houses in Private Ownership

1.0 Background to this Submission

1.1 Aberdeen City Council (ACC) is seeking to demolish 372 out of 504 dwellings in the Balnagask housing scheme which are affected by RAAC. However, ACC is only in ownership of a majority of properties within this area, with a further 132 properties currently in private ownership. Council owned properties and privately owned properties are interspersed throughout the area, thereby making it difficult for the Council owned properties to be demolished in isolation.

1.2 ACC has approached the owners of the remaining properties seeking voluntary acquisition of their properties at market value. By way of explanation the District Valuer in determining market value deems that the market value must reflect the existence of RAAC panels in the roofs of these dwellings and accordingly a deduction requires to be made to reflect this situation. ACC are currently not prepared to increase the valuation, as determined by the valuer, to reflect pre-RAAC market values for those dwellings.

1.3 Accordingly, given that the majority of owners would be severely financially disadvantaged by accepting the current level of valuations, and in many instances rendered unable to clear their existing mortgages, the situation is unlikely to be resolved anytime soon, unless alternative solutions are investigated, since there is no guarantee that an unconditional CPO would be approved, even if ACC were of a mind to make application for one.

1.4 If ACC does decide to proceed to make such an application, the majority of residents are determined to object to an unconditional CPO being granted on a number of grounds, one of which would be that ACC had failed to seriously explore, consider and evaluate alternative proposals offered by owners, thereby significantly delaying any demolition activity over much of the site concerned for a number of years. This would, result in increased costs to ACC, who will have to ensure that its properties are kept secure and maintained, especially where these are contained within mixed blocks which have shared services with owners. It would also delay any potential development of the overall site for a similar period.

1.5 In order to try to assist both ACC and the owners resolve this situation, the Torry Community RAAC Campaign Group Management Committee (TCRC) has met with its members and established their willingness to consider alternative options to those currently available, being voluntary acquisition and CPO, neither of which are acceptable to the owners in their present form. This proposal, therefore, outlines two options, which TCRC believe are worthy of investigation and consideration by ACC so as to enable an early resolution of the current situation, which is severely impacting on the mental and physical health and wellbeing of the owners.

1.6 Following recent informal meetings between TCRC and ACC Chief Officers and ACC Joint Council Leaders, during which we informally described these two options, each of which we believe would be seriously considered by owners, to avoid Aberdeen City Council (ACC) having to proceed with the making of an application for a Compulsory Purchase Order (CPO), we are now writing to formally propose those alternative solutions to ACC.

1.7 This submission seeks to achieve the main objectives of the ACC scheme, while minimising monetary loss and disruption to affected property owners and reducing associated legal and financial costs. We therefore request that ACC gives full and fair consideration to these alternative proposals as part of its evaluation of viable options.

2.0 Overview of the Alternative Proposal (1)

2.1 This proposed alternative involves exchanging privately owned houses, that are scattered throughout the Balnagask scheme, with vacant, council-owned properties located at the periphery of the development site in either a single, or in multiple clusters. Upon identifying suitable properties, ACC would engage with the owners, reach legal agreement over transfer of title and, thereafter, through a mechanism to be agreed, to effect removal of all RAAC panels from each dwelling and replacing these with a prefabricated, insulated cassette roof.

2.2 Where private owners' houses are already contained within a 'cluster' area they could either choose to retain title of that property and have the RAAC removed and new roof fitted under the mechanism to be agreed, or move to an alternative property, which has already had the remedial works completed and titles in those respective properties be exchanged. Budget estimated costs and roof design details have already been provided to ACC Chief Officers for review.

This would allow:

- Affected residents to retain homeownership by exchanging their properties, where required, for equivalent council-owned homes, which would be made 'RAAC free'.
- The assembly of a contiguous site of sufficient size to meet the ACC scheme's objectives.
- A reduction in demolition and displacement, aligning the development with human rights and proportionality principles.

2.3 By clustering affected residents in housing near the site's periphery, this approach ensures that the authority can progress with its demolition and redevelopment plans, while respecting the property rights of owners and minimizing community disruption.

3.0 Key Benefits of this Proposal

3.1 Benefits to ACC

- **Facilitates Scheme Objectives:** This solution ensures the assembly of a sufficiently large site, enabling the ACC redevelopment scheme to proceed without compromising its core objectives.
- **Reduces Legal Risks:** By minimizing reliance on CPO powers, the authority mitigates the risk of costly and time-consuming legal challenges from property owners.
- **Enhances Public Perception:** A balanced approach that considers the rights of affected owners is likely to generate goodwill and public support, strengthening the authority's reputation.
- **Efficient Use of Resources:** Leveraging existing council-owned properties, which are to be otherwise demolished, maximises the utility of public assets and reduces the need for additional acquisitions or construction.
- **Reduced Loss of Housing Stock:** By reducing the overall numbers of houses to be demolished, and 'repurposing' them as outlined above, will lessen the loss of housing stock at a time where a 'housing crisis' has been declared by ACC.

3.2 Legal Benefits

- **Proportionality and Necessity:** This alternative aligns with the principles set out in the European Convention on Human Rights (ECHR), specifically Article 1 of Protocol 1, which protects the right to peaceful enjoyment of property. By preserving property rights and minimising displacement, the proposal ensures that the authority's actions remain proportionate and necessary.
- **Reduced Risk of Legal Challenges:** Minimising the use of CPO powers reduces the likelihood of legal challenges from affected property owners, which could delay the demolition project and incur additional costs by ACC.

3.3 Financial Benefits

- **Cost Savings on Compensation:** Avoiding full-scale CPO proceedings significantly reduces the financial burden associated with compensating for property value, disturbance, and legal fees. The estimated costs involved in 'repurposing' the dwellings are less than the costs of voluntary acquisition, thereby leading to an overall saving to ACC.
- **Efficient Use of Resources:** Utilising vacant council-owned properties, that would otherwise be demolished, ensures that existing public assets are deployed effectively, avoiding unnecessary expenditure on acquiring additional housing.

- **Demolition and Relocation Costs:** This proposal reduces the number of properties requiring demolition, lowering associated costs and mitigating environmental waste.

3.4 Community Benefits

- **Preservation of Homeownership:** By offering a 'property swap', affected residents retain the ability to own their homes, RAAC free, mitigating the financial, emotional and social impact of displacement.
- **Minimised Disruption:** Clustering affected residents within local properties preserves social ties and maintains a sense of community cohesion.
- **Public Support:** A compromise solution that balances public and private interests is more likely to gain widespread community acceptance, reducing opposition and fostering goodwill toward the scheme.

3.5 Market Realities and Feasibility

- **Uncertain Demand for the Cleared Site:** At present, there is no guaranteed demand or approved development plan for the cleared site, making any intention to demolish purely speculative. Proceeding with wholesale demolition without a clear, funded plan risks leaving the site unused, wasting resources, and causing unnecessary disruption.
- **Funding Constraints:** ACC currently lacks sufficient funds to carry out development in the near future, further underscoring the speculative nature of the proposal and the potential inefficiency of proceeding with total demolition at this stage.
- **Low Commercial Value of the Land:** ACC Chief Officers have assessed the land as being of low commercial value. Therefore, reducing the extent of the cleared site under this proposal would not significantly impact the overall land realisation value, ensuring that the authority's financial interests are not adversely affected.

4.0 Overview of the Alternative Proposal (2)

4.1 ACC currently own a number of properties in shared blocks within which ACC is a minority owner. This causes problems to ACC in managing these properties due to arrangements for repairs and other shared costs having to be organised. As a consequence, ACC has been trying to sell those properties to reduce its management costs, which can be disproportionate in terms of monetary, time and effort spent on them.

4.2 This second option relates to the ‘swopping’ of an owned house in Balnagask for one of these dwellings in a minority owned block, as and when a vacancy arises. Albeit there is unlikely to be sufficient vacancies to deal with a majority of owners in Balnagask, this scheme would, nevertheless provide an option for any owner who desired to leave the Balnagask scheme but retain the same level of pre-RAAC equity they have in their current property.

5.0 Key Benefits of this Proposal (many similar to option 1)

5.1 Benefits to ACC

- **Facilitates Scheme Objectives:** This alternative solution ensures the assembly of a potentially larger site for demolition, enabling the scheme to proceed without compromising its core objectives.
- **Reduces Legal Risks:** By minimising reliance on CPO powers, the authority mitigates the risk of costly and time-consuming legal challenges from property owners
- **Enhances Public Perception:** A balanced approach that considers the rights of affected residents is likely to generate goodwill and public support, strengthening the authority’s reputation.
- **Efficient Use of Resources:** Leveraging existing council-owned properties maximises the utility of public assets and reduces the need for additional acquisitions or construction. The higher management costs of these properties will be removed from the HRA budget.

5.2 Legal Benefits

- **Proportionality and Necessity:** This alternative aligns with the principles set out in the European Convention on Human Rights (ECHR), specifically Article 1 of Protocol 1, which protects the right to peaceful enjoyment of property. By providing options that minimise the potential for forced displacement of owners, the proposal ensures that the authority’s actions remain proportionate and necessary.
- **Reduced Risk of Legal Challenges:** Minimising the use of CPO powers through owners’ voluntary agreement to relocate reduces the likelihood of legal challenges from affected property owners, which could delay the demolition project and incur additional costs to ACC.

5.3 Financial Benefits

- **Cost Savings on Compensation:** Avoiding full-scale CPO proceedings significantly reduces the financial burden associated with compensating for property value, disturbance, and legal fees.

- **Efficient Use of Resources:** Utilising vacant council-owned properties in minority ownership blocks, that would otherwise be costly and inefficient to manage, ensures that existing public assets are deployed effectively, avoiding unnecessary expenditure on such housing.

5.4 Community Benefits

- **Preservation of Homeownership:** By offering a property swap, affected residents retain the ability to own their homes, mitigating the financial, emotional and social impact of displacement.
- **Provision of Choice:** By ensuring owners have a choice between staying within the community, or leaving it, means that those who remain are more likely to be committed to furthering community cohesion.
- **Public Support:** A compromise solution that balances public and private interests is more likely to gain widespread community acceptance, reducing opposition and fostering goodwill toward the scheme.

6.0 Practical Considerations (Both Options 1 and 2)

The success of this alternative relies on the following key practical steps, which we believe are achievable with the authority's cooperation:

- **Inventory of Vacant Properties:** Conduct an assessment of suitable council-owned properties within Balnagask and city-wide minority owned blocks to ensure they meet the needs of affected residents in terms of size, type and location.
- **Property Evaluation and Matching:** Match affected properties with equivalent vacant Council properties and assess any required refurbishments, adaptations or transfer of equipment from existing dwellings, such as kitchen, bathroom fittings etc.
- **Legal and Administrative Framework:** Establish a clear framework for the exchange of ownership and associated agreement documentation to prevent any potential for misunderstandings between each of the parties to occur.
- **Stakeholder Engagement:** Work collaboratively with affected owners, TCRC, and legal advisors to finalise the details of the proposal and ensure broad support.

7.0 Conclusion and Request for Consideration

7.1 This proposal provides a balanced, cost-effective, and community-centred alternative to a full-scale CPO. It achieves the authority's objectives while respecting the rights and interests of affected residents, reducing financial liabilities, and fostering public support for the scheme.

7.2 We, therefore, request the opportunity to discuss this proposal further and to work collaboratively with ACC to develop a detailed implementation plan. We would also welcome the opportunity to assist ACC in engaging with affected residents in helping them reach the decision that is suited to them and to ensure a smooth transition, thereafter.

We thank you for your consideration and look forward to receiving your response to each of the options and to the possibility of us working together on a collaborative basis to achieve a solution that benefits all parties.



John Meiklejohn

Chair

On behalf of Torry Community RAAC Campaign Group Management Committee

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5 February 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Accounts Commission Findings – s102 report Council Tax refunds – a significant fraud
REPORT NUMBER	CORS/25/031
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Jonathan Belford
TERMS OF REFERENCE	21

1. PURPOSE OF REPORT

- 1.1 To seek Council approval to accept the Accounts Commission findings relating to the significant fraud perpetrated against the Council.

2. RECOMMENDATIONS

That the Council:-

- 2.1 Note the content of the Accounts Commission report and accept the Commission findings contained therein;
- 2.2 Commend the individual who identified the fraud, with the Chief Executive writing to them to express the Council's gratitude;
- 2.3 Note the Commission finding (4) in respect of the Internal Audit function regularly considering areas that might be perceived as low risk when developing audit plans and instruct the Chief Internal Auditor to consider this finding within the proposed Internal Audit Plan for 2025/26-2027/28, which is due to be presented to the Audit, Risk and Scrutiny Committee in February 2025;
- 2.4 Ask the External Auditor to set out in their Annual Audit Plan for 2024/25 and future years how, in light of the Commission's findings, the tests of assurance they undertake may be revised in respect of the significant risks of material misstatement due to control weaknesses and fraud caused by management override of controls; and
- 2.5 Refer the matter to the Audit, Risk and Scrutiny Committee, with the Chief Officer – Finance and Chief Internal Auditor providing a joint report on the implementation of the Commission findings and action plan no later than September 2025.

3. CURRENT SITUATION

3.1 At a meeting on 12 December 2024, the Accounts Commission was presented with a statutory report, see Appendix 1, by the Controller of Audit on the significant fraud perpetrated against Aberdeen City Council.

3.2 The Accounts Commission agreed to make findings on the Controller of Audit's statutory report which are noted below.

- 1 *The member of staff who identified this fraud should be commended, for having the confidence to initially raise the issue and to then escalate it when they remained concerned by the response received. The Commission wishes to stress the importance of the council keeping its policies, training, and procedures in relation to counter-fraud and whistleblowing up to date and communicated to all staff. This will ensure that staff continue to have the confidence to raise concerns if they suspect something fraudulent may be happening.*
- 2 *The Commission recognises that the council reacted quickly once the suspected fraud was brought to their attention and has made progress to recover lost funds. However, this case exposed real weaknesses in internal controls, allowing the perpetrator's actions to go unnoticed for 17 years. While controls and policies were in place, reports were not routinely run or reviewed and there was no scrutiny by the council to ensure the effectiveness of controls, something that is of concern to the Commission.*
- 3 *The Commission is pleased to see evidence that the council is taking the matters highlighted by this fraud seriously, including the segregation of duties immediately following the issue coming to light, the development of an improvement plan by the service, and the engagement of internal audit to further strengthen key controls. However, controls have yet to be embedded in a way that fully addresses all the issues identified. December 2024 was identified as a key implementation date for improvement actions, but the absence of interim milestones makes it difficult to assess progress on the ground. As a matter of priority, the Commission asks the council's 'Task and Finish' Group to confirm to elected members and management when all actions will be complete, given it has now been more than a year since the perpetrator was charged.*
- 4 *There is an important obligation on Aberdeen City Council to have and to implement effective financial controls, which safeguard public assets, across all its functions, irrespective of the level of income and expenditure involved. Building on this experience, the Commission would urge the council to ensure that no areas are neglected within their control environment and that the council's internal audit function regularly considers areas that might be perceived as low risk when developing audit plans. Through governance processes, we expect to see evidence that the council's management team is acting upon and applying recommendations from both external and internal auditors to address potential weaknesses and risks.*

- 5 *The Commission expects all councils in Scotland to ensure that fundamental internal controls are in place and working effectively. Such controls include appropriate segregation of duties, ensuring systems reconciliations are carried out, maintenance of system documentation (detailing key controls), and budget monitoring. All councils should also be self-assessing controls and processes through their annual governance statement. It is also important that across all councils, internal and external auditors raise and discuss any areas of potential concern.*

Action Taken by Aberdeen City Council

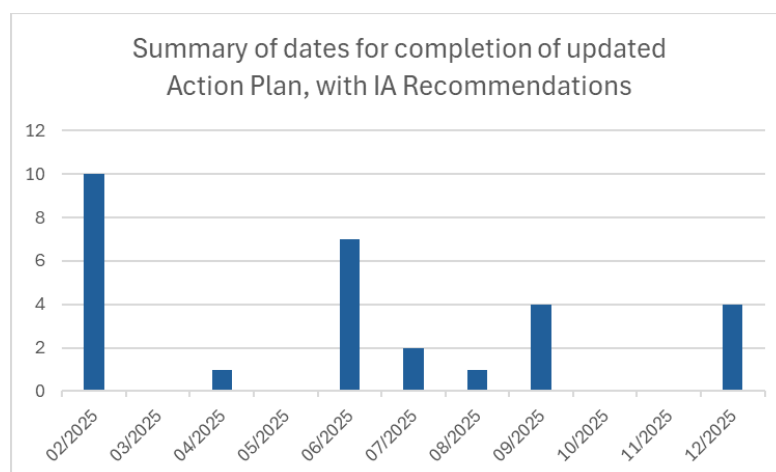
- 3.3 The subject of the statutory report was already known to the Council, having been reported confidentially by the Chief Officer – Finance to both the Audit Risk and Scrutiny Committee (RES/24/058) and Council (CORS/24/113) in February and April 2024 respectively. The timeline of events that was included in these reports has been updated and is shown as Appendix 2.
- 3.4 The findings of the Commission draw specific attention to the action plan put in place, which was intended to be the further actions required following the revision and strengthening of the Council Tax refunds process in the aftermath of the embezzlement discovery. These actions immediately improved segregation of duties, approval and scrutiny for Council Tax accounts that were 'in credit'.
- 3.5 While the control weaknesses were closed down immediately and the Chief Internal Auditor has provided to management some level of assurance that the controls and the application of those controls is in place, there were ten overarching actions identified that would go further than simply resolving and restoring control in respect of this one process. The Chief Officer – Finance acknowledges this has taken longer than had been initially intended, as highlighted by the Commission, with resources being prioritised on a risk based approach.
- 3.6 A summary of actions is included in the table below.

Subject	Number of Actions	Has action been taken by management to address these actions?	Has Internal Audit (IA) provided positive assurance on controls to date?	Did IA suggest further actions to implement?	Updated Action Plan with milestones in place?
Changes to Processing and Approval of CT Credits	2	Yes	Yes	No	n/a
Wider Council Tax Scrutiny and Controls	3	Yes	Yes	Yes	Yes
Applications to other Council Systems	7	Yes	Yes, for 6 out of 7	Yes	Yes

- 3.7 The Chief Internal Auditor, having been asked by the Chief Officer – Finance to review the matter, indicated that most of the initial actions were partially complete, and included in the briefing note to management a wider range of actions that would benefit the control environment. Any outstanding actions and these additional, more specific actions have been allocated to the team, and incorporated into the updated action plan.
- 3.8 The Accounts Commission finding was clear that the actions must be completed and for milestones to be created to support the successful progress, tracking and implementation of these actions. The Chief Officer – Finance, in consultation with other Council Officers, has updated the action plan and progressed the implementation and embedding of the wide range of actions.

Subject	Number of Areas for Action	Number of Sub-actions recommended by IA?	Has action been taken by management to address these actions?	Are milestones and target dates in place?	How many have been closed off by end Jan 2025?
Wider Council Tax Scrutiny and Controls	3	14	Yes	Yes	9/14 (64%)
Applications to other Council Systems	7	24	Yes	Yes	0/24 (0%)

- 3.9 The outstanding actions will be managed by the Task and Finish Group and overseen by the Risk Board to increase scrutiny around the progress. The target timeline for completion of these actions, subject to a number of these being dependant on decisions that have yet to be taken, can be summarised as presented in the following graph.



- 3.10 The timeline reflects the indicative date on which the action will be completed, there are milestones between now and those dates, in some cases the result

of an iterative process where completion can only be achieved after one or more decision points. The dates will be reviewed based on progress.

- 3.11 Chief Officer – Finance and the Chief Internal Auditor intend to provide a joint report to the Audit, Risk and Scrutiny Committee in September 2025 to provide an update on the work completed, including the Commission's findings, and assurance level that can now be relied upon.

Audit:

- 3.12 As required for local authorities, internal and external auditors have carried out audit work and testing on the Council finances and systems of internal control during the entire period that the embezzlement has taken place. Specific internal audit work on Council Tax, systems, processes and controls, has been carried out periodically based on the assessment of risk and the priorities set out in the Internal Audit Plan annually. Annually the Council has received an assurance opinion on the adequacy and effectiveness of the framework for governance, risk management and control from the Chief Internal Auditor, as detailed in their Annual Audit Reports.
- 3.13 Similarly the External Auditor has provided an audit opinion on the annual Financial Statements of the Council and basis for that opinion is included in their Annual Audit Report.
- 3.14 The findings from the Commission draw attention to both internal and external audit raising and discussing areas of potential concern; while it is incumbent on the Council management to act on the recommendations of our auditors to address weaknesses and risks.
- 3.15 Taking account of this, and noting the Commission's findings with specific reference to Internal Audit, the Chief Internal Auditor is due to present their internal audit plan for 2025/26-2027/28 to the Audit, Risk and Scrutiny Committee in February 2025. Despite the short timescale between the publication of the findings and the presentation of the internal audit plan, it will be important for the Chief Internal Auditor to have considered the impact of the finding on their plan and to have responded to the risk. That response should be incorporated into their Internal Audit Plan in February.
- 3.16 The External Auditor should provide details of any changes that they intend to make to their approach to significant risks that exist in the audit of the Council Financial Statements, when their Annual Audit Plan is next presented to the Audit, Risk and Scrutiny Committee.

Refunds to Council Tax payers:

- 3.17 The report makes specific reference to the fact that the Council has not yet contacted taxpayers that have been affected. For clarity the process of managing Council Tax credits includes, and included throughout, the Council trying to contact the Council Tax account holder once a credit was identified on their account. This often results in no contact being made and no replies being received.

- 3.18 Looking at the data and Council Tax accounts that are affected the vast majority of these remained in credit for a period of time, often years, the system prepared to provide a refund if contact was made by the account holder.
- 3.19 It should also be noted that for anyone moving within the city boundaries, any credit that arose due to moving home in Aberdeen, is, and always was, moved from the old property to the new property, with the credit being applied to the new Council Tax liability. It means that these historically, long standing credits are highly likely to have arisen from individuals who left the city.
- 3.20 The Council currently has 2 experienced Council Tax officers working on correcting the c.5,700 individual transactions and they are retracing the steps taken by former-employee, Michael Paterson, to embezzle the money in the first place, establishing how to reinstate the correct position to each Council Tax account.
- 3.21 As at the time of writing the number of accounts that have now been checked is 1,908.
- 3.22 Beyond this, the Council has also started to identify if a refund can be processed for any of the account holders. The 1,908 accounts amount to £563,434 (51%) of the embezzled money. The investigation of these accounts indicates that there are partial details of account holders for 597 accounts. The Council has started to make contact with those individuals, so far approximately 100 have been contacted, and this number is rising on a weekly basis.
- 3.23 The Council will continue to correct and reinstate all Council Tax accounts affected. Due to the historic nature of the transactions and the limited information that would allow the Council to trace former account holders the Council may not be able to reunite the money with the rightful owner but will continue to pursue all options and where an individual is identified in the future the entitlement to a refund will not be removed.

Raising awareness more widely:

- 3.24 The Commission recognise the wider implications for Local Government sector and have drawn attention to this in their findings (4 & 5). In order to assist other Council's in understanding this embezzlement and to share knowledge the Chief Officer – Finance has agreed with the CIPFA Directors of Finance Section that a presentation will be provided at an upcoming meeting.
- 3.25 In December 2024 a Counter Fraud Officer provided briefings and attended meetings of the Scottish Local Authority Investigators Group (SLAIG) and to the shared Internal Audit team on this embezzlement. The presentations provided context and detail as to how the crime was committed, and the safeguards which could have prevented it. Presentations were delivered to both groups, with question and answer sessions adding to the understanding on the day.

Accounts Commission meeting:

- 3.26 The Chief Executive, Chief Officer – Finance and Group Leaders are due to meet with representatives of the Accounts Commission on 3 February 2025.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report. Resources to retrace and correct Council Tax accounts are being paid for from within existing budgets.
- 4.2 In respect of having the money available to make refunds to the rightful owners, where possible, action was taken at the end of financial year 2023/24 to set aside the full value (£1.106m) of the money embezzled. This was accounted for in the 2023/24 Annual Accounts and has prepared the Council to be able to recompense former Council Tax account holders whose accounts were affected by the embezzlement.
- 4.3 Where the Council can locate and establish a former Council Tax account holder as part of the actions then the Council has the financial resources to refund all individuals.

Recouping Funds

- 4.4 To date the Council has received the maximum value possible, £417,523, from former-employee Michael Paterson's pension. This money will be included in the Council's income for 2024/25, offsetting the cost of setting aside £1.106m last year.
- 4.5 In respect of the balance of the money set aside, £0.689m, a claim against the Council's fidelity guarantee insurance policy has been made, the outcome of which is still being assessed by our insurers. The outcome of the claim will be included in a future financial performance report to the Finance and Resource Committee.

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.

7. RISK

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	Fraud on this scale if repeated could	Underlying control environment is in place, including	L	Yes

	impact the finances of the council to an extent that strategic direction would have to be altered.	scrutiny by internal and external auditors. Review of other systems and payment controls has been undertaken to identify improvements and implement new controls.		
Compliance	Failure of controls leads to failing to meet legal obligations to CT payers – and other customers and bill payers.	Underlying control environment is in place, including scrutiny by internal and external auditors. Actions have been taken to enhance specific control arrangements and requirements to mitigate the specific frauds identified.	L	Yes
Operational	Staff are vulnerable to allegations if controls do not manage the work they undertake.	Changes to the processes and procedures in Council Tax and other systems improve segregation of duties and reporting to provide dual insight into refunds protecting staff.	L	Yes
Financial	Loss of money received by the Council may have to be replaced and refunded, which will have to be funded by General Fund. There is a cost to correct our systems and records.	All avenues will be explored to recoup funds from the accused. The Annual Accounts for 2023/24 include provision for the full value of the embezzled monies.	M	Yes

Reputational	Loss of trust from the population and our customers that the Council cannot manage finances adequately. Increase in non-payment as CT payers uncertain about their account being managed accurately and effectively.	Developing a communications strategy will help to ensure consistent messages are used to inform citizens and council tax payers about the situation.	M	Yes
Environment / Climate	None			n/a

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	There are no direct implications for the stretch outcomes
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	There are no direct implications for the stretch outcomes
Prosperous People Stretch Outcomes	There are no direct implications for the stretch outcomes
Prosperous Place Stretch Outcomes	There are no direct implications for the stretch outcomes

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	It is confirmed by Chief Officer – Finance that no Integrated Impact Assessment is required.
Data Protection Impact Assessment	Not required.

Other	No other impact assessments have been carried out.
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10. BACKGROUND PAPERS

10.1 None

11. APPENDICES

Appendix 1: Accounts Commission report: The 2023/24 audit of Aberdeen City Council - Council tax refunds – a significant fraud

12. REPORT AUTHOR CONTACT DETAILS

Name	Jonathan Belford
Title	Chief Officer - Finance
Email Address	jbelford@aberdeencity.gov.uk

The 2023/24 audit of Aberdeen City Council

Council tax refunds – a significant fraud



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
January 2025

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Commission findings

The Accounts Commission accepts the Controller of Audit's report on a matter arising from the 2023/24 audit of Aberdeen City Council – a significant council tax refund fraud perpetrated against the council. The Commission welcomes that the Controller used her powers to bring this issue, and the council's response, to the Commission's attention. Following consideration of the report (presented at [page 5](#)) at its meeting on 12 December, the Commission has made the findings presented below:

- 1** The member of staff who identified this fraud should be commended, for having the confidence to initially raise the issue and to then escalate it when they remained concerned by the response received. The Commission wishes to stress the importance of the council keeping its policies, training, and procedures in relation to counter-fraud and whistleblowing up to date and communicated to all staff. This will ensure that staff continue to have the confidence to raise concerns if they suspect something fraudulent may be happening.
- 2** The Commission recognises that the council reacted quickly once the suspected fraud was brought to their attention and has made progress to recover lost funds. However, this case exposed real weaknesses in internal controls, allowing the perpetrator's actions to go unnoticed for 17 years. While controls and policies were in place, reports were not routinely run or reviewed and there was no scrutiny by the council to ensure the effectiveness of controls, something that is of concern to the Commission.
- 3** The Commission is pleased to see evidence that the council is taking the matters highlighted by this fraud seriously, including the segregation of duties immediately following the issue coming to light, the development of an improvement plan by the service, and the engagement of internal audit to further strengthen key controls. However, controls have yet to be embedded in a way that fully addresses all the issues identified. December 2024 was identified as a key implementation date for improvement actions, but the absence of interim milestones makes it difficult to assess progress on the ground. As a matter of priority, the Commission asks the council's 'Task and

Finish' Group to confirm to elected members and management team when all actions will be complete, given it has now been more than a year since the perpetrator was charged.

- 4 There is an important obligation on Aberdeen City Council to have and to implement effective financial controls, which safeguard public assets, across all its functions, irrespective of the level of income and expenditure involved. Building on this experience, the Commission would urge the council to ensure that no areas are neglected within their control environment and that the council's internal audit function regularly considers areas that might be perceived as low risk when developing audit plans. Through governance processes, we expect to see evidence that the council's management team is acting upon and applying recommendations from both external and internal auditors to address potential weaknesses and risks.
 - 5 The Commission expects all councils in Scotland to ensure that fundamental internal controls are in place and working effectively. Such controls include appropriate segregation of duties, ensuring systems reconciliations are carried out, maintenance of system documentation (detailing key controls), and budget monitoring. All councils should also be self-assessing controls and processes through their annual governance statement. It is also important that across all councils, internal and external auditors raise and discuss any areas of potential concern.
-

Introduction

- 1.** The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.
- 2.** I have reviewed the 2023/24 AAR for Aberdeen City Council (the council) from the appointed auditor, Michael Oliphant (Audit Services Group, Audit Scotland). The auditor's AAR was considered by the council's Audit, Risk and Scrutiny Committee on 27 June 2024. The auditor issued an unmodified opinion on the council's 2023/24 annual accounts.
- 3.** The auditor reported on a significant fraud identified by the council in September 2023. A former employee had diverted fraudulent payments totalling £1.109 million to his own bank accounts over a period of 17 years. Having plead guilty to criminal charges of embezzlement, the perpetrator received a four-year prison sentence at the High Court in Edinburgh in July 2024.
- 4.** I have decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring this issue, and the council's response, to the Commission's attention.

Background

- 5.** The perpetrator identified council tax accounts with historic credit balances and used their unsupervised authority to issue council tax refunds of up to £3,000, to divert refunds to themselves, often on a weekly basis.
- 6.** There was no major impact on the financial statements during this period, covering financial years 2006/07 to 2023/24 and the payments did not represent a material misstatement in any given year. There was no impact on the council's budget as the amounts were taken from balances held by the council on behalf of taxpayers who had made overpayments on their council tax accounts. Nevertheless, the funds were held for safekeeping by the council who will need to manage any associated reputational risk and ensure credit balances are restored. The council has reached agreement with the perpetrator to recover funds. In addition, a claim to the council's insurers is currently under negotiation but is expected to cover the remainder of the loss.

7. There were failures in controls within the council that allowed this fraud to continue over a prolonged period. In particular, a lack of segregation of duties and monitoring in relation to council tax refunds allowed the perpetrator to transfer balances between council tax accounts, input bank account details and process refunds without any further checking of processing.

Timeline of key events

Date	Event
1 November 2006 – 6 September 2023	Perpetrator processed 655 payments to himself totalling £1.109 million.
12 September 2023	Staff member identified and investigated an irregular transaction on a council tax account and raised the entry with the perpetrator. The perpetrator subsequently repaid the queried amount into the council tax standing order bank account.
13 September 2023	The perpetrator contacted staff member to discuss irregular transaction, but staff member was not convinced by the explanation offered.
14 September 2023	The perpetrator reversed all entries relating to the last embezzlement transaction.
14 September 2023	Staff member investigated further and raised with Council Tax and Recovery Manager. Senior revenues staff and the council's counter-fraud team advised.
15 September 2023	The perpetrator was suspended (under a precautionary suspension) and all access to buildings and computer systems was disabled.
21 September 2023	Counter-fraud team contacted Police Scotland following initial investigation.
21/22 September 2023	Chief Officer – Finance advised members of the Corporate Management Team, Internal and External Audit. Director advised Councillor Malik (Audit, Risk and Scrutiny Committee Convener) and Councillor McLellan (Finance and Resources Committee Convener).
September/October 2023	Chief Officer – Finance undertook review of systems and processes. Improvement plan produced.
26 November 2023	The perpetrator was arrested and charged by Police Scotland.
12 December 2023	A formal disciplinary meeting was held and the accused was dismissed.
21 December 2023	All elected members advised of the matter and the upcoming court appearance.

Date	Event
12 February 2024	Report to Audit, Risk and Scrutiny Committee.
17 April 2024	Follow-up report to full council.
June 2024	The High Court in Edinburgh found perpetrator guilty of embezzlement of £1.109 million from the council. He was later jailed for four years.
July-September 2024	Internal Audit requested to review the implementation of the service's improvement plan. A review was undertaken and reported to management in September 2024.

Council tax – accounts in credit

8. The council administers the council tax database which includes approximately 124,500 properties and raises annual income in excess of £100 million ([Exhibit 1](#)). The database requires to be regularly updated for changes in taxpayers' circumstances, such as changes in address or other household details. The council offers taxpayers a number of payment options although direct debit is the most popular.

9. Unpaid income is collectable for all prior years and the council pursues outstanding debts for all years until they are either paid or identified as uncollectable. Over the last 17 years, approximately £2 billion of council tax income was administered and collected.

Exhibit 1

Council tax credit balances as a percentage of council tax

Year	Council tax billed (net of discounts) £000	Credit balances at year end £000	Credits as a percentage of council tax billed
2023/24	139,111	366	0.26%
2022/23	130,850	441	0.34%
2021/22	126,185	482	0.38%
2020/21	123,777	454	0.37%
2019/20	120,282	281	0.23%
2018/19	113,871	376	0.33%

Source: Aberdeen City Council audited accounts and council tax reports

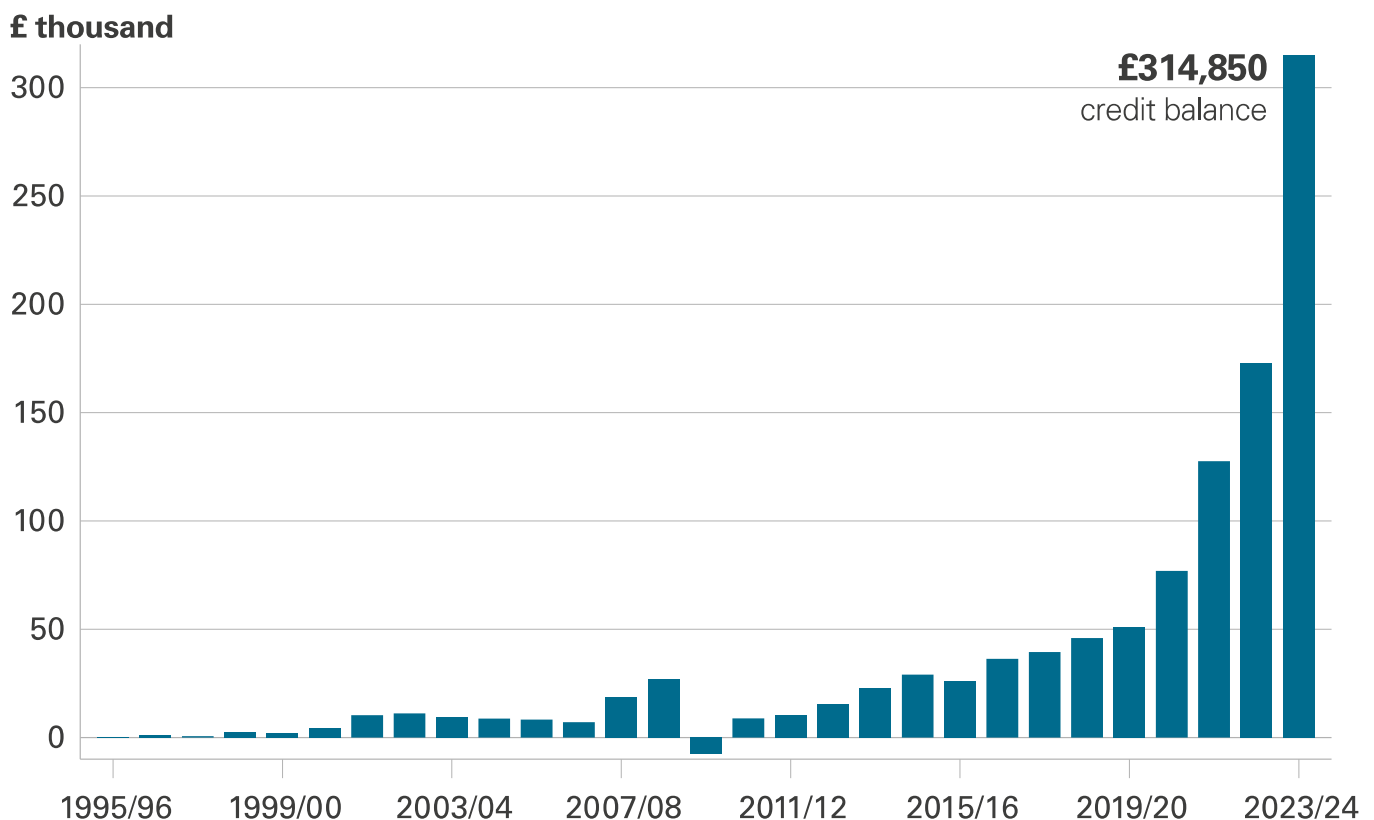
10. At 31 March 2024, the cumulative value of accounts in credit covering all council tax years was £1.2 million. This comprised 6,600 accounts of which 95 per cent had balances less than £500. Exhibit 1 also gives an indication of the relatively small scale of council tax credit balances when compared with the amount of council tax billed each year. In general, the balances on these accounts are less than 0.5 per cent of billing totals. For example, with reference to financial year 2021/22, council tax billed

amounted to £126.185 million while accounts in credit for that financial year were £482,000 at 31 March 2022.

11. There is no single reason for an account to be overpaid (in credit) but many will arise from a change in address where the taxpayer has not provided a forwarding address. When a taxpayer changes address within the city area, any credit balance is transferred to the new council tax account. If the move is outwith the city, a refund is required. Prior to 2006, this was dependent on taxpayers getting in touch to request a refund. As most amounts are small, this generally did not happen. In 2006, the council introduced a policy to automatically refund paying bank accounts for any overpayments which had arisen by direct debit. [Exhibit 2](#) shows the age of the historical balances held by the council at 31 March 2024 on behalf of taxpayers.

Exhibit 2

Age of credit balances at 31 March 2024



Source: Aberdeen City Council reports

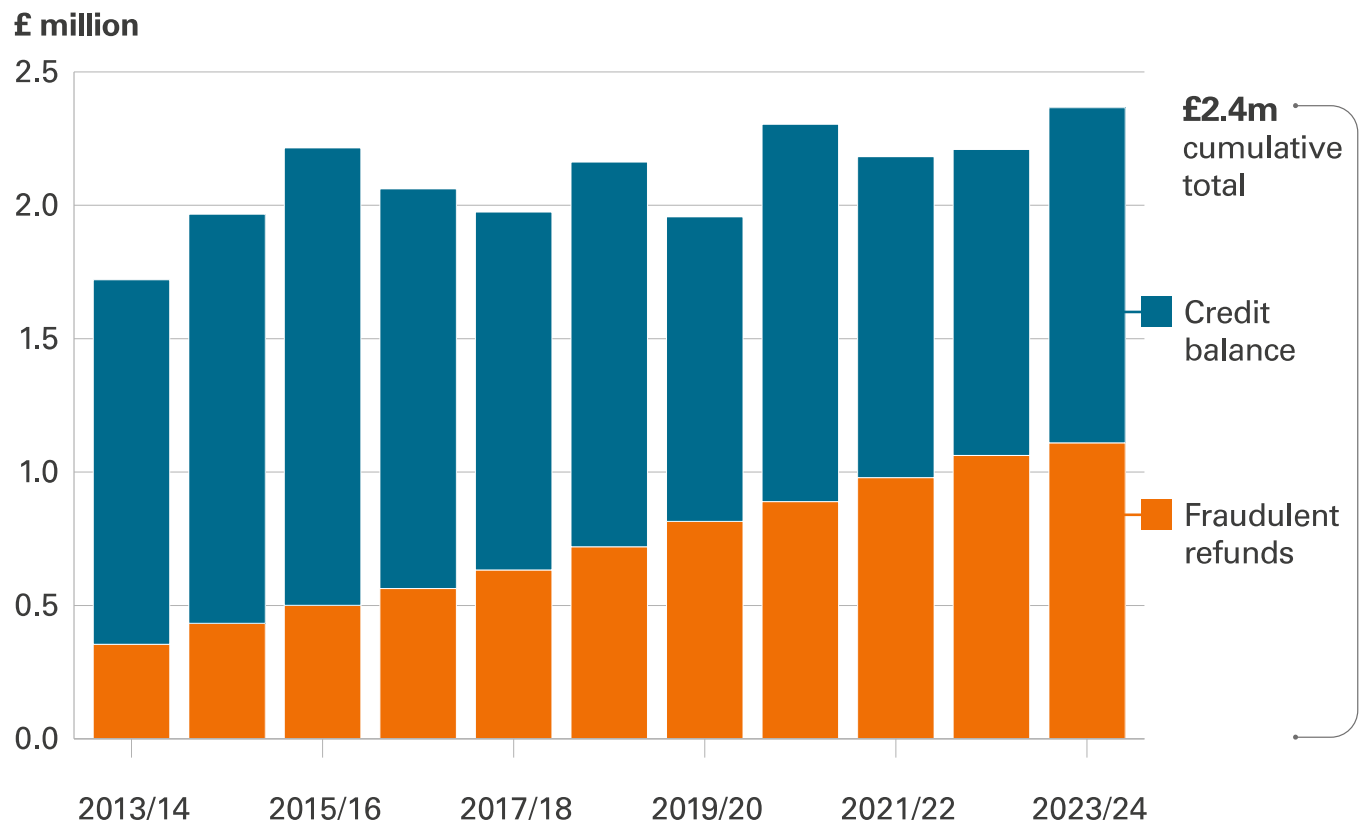
12. Where bank details are not held or an address is not known, the council sends a letter to the property address to enable a letter to be forwarded should a mail redirection be in place. There is no time limit for a taxpayer to make contact and seek a refund.

Scale of embezzlement

13. A total of 655 payments amounting to £1.109 million and involving an estimated 5,700 council tax accounts were made to the embezzler's bank accounts over a 17-year period between November 2006 and September 2023.

14. The total value of the accounts in credit at 31 March 2024 was approximately £1.2 million. Had funds not been withdrawn inappropriately, the level of balances would be £2.4 million. [Exhibit 3](#) shows the combined total of the balances on the accounts in credit for recent years with the amounts embezzled.

Exhibit 3 Cumulative fraud and credit balances



Source: Aberdeen City Council reports

15. [Exhibit 4](#) provides details of the fraudulent refunds made including the total and average values and the number of refunds on an annual basis.

Exhibit 4

Council tax fraudulent payments – number and value by financial year

Year	Value of fraudulent refunds per year (£)	Number of refunds	Average Value (£)
2023/24	46,921	16	2,932
2022/23	82,836	29	2,856
2021/22	90,307	31	2,913
2020/21	74,368	26	2,860
2019/20	94,835	36	2,634
2018/19	87,166	33	2,641
2017/18	69,809	26	2,685
2016/17	62,331	25	2,493
2015/16	67,659	31	2,182
2014/15	78,970	38	2,078
2013/14	67,306	38	1,771
2012/13	55,114	40	1,378
2011/12	56,602	46	1,230
2010/11	46,925	57	823
2009/10	32,878	44	747
2008/09	45,499	75	607
2007/08	41,335	53	780
2006/07	8,413	11	765
Total	1,109,274	655	

Source: Aberdeen City Council reports

16. The perpetrator, as a team leader, had authority to process refunds for amounts between £500 and £3,000. Accounts in credit are mainly smaller amounts and therefore the perpetrator needed to collate a number of balances together in a single council tax account to produce a total amount in the range he could authorise which were then processed as a refund to his own bank account.

17. Identification of the embezzlement was the result of an officer routinely checking arrears recovery reports with the council tax computer system. Multiple transfers were noticed on an account in credit and not being satisfied with the explanation received from the perpetrator, as team leader, the officer referred the matter to a more senior officer. The perpetrator was promptly suspended thereafter, and investigations commenced.

Strengthening the council's internal controls

Council tax refunds

18. The perpetrator was a team leader in the council tax team which forms part of People and Citizens services within the Corporate Services Directorate. While the service and job titles have been restructured on several occasions over the years, the individual held this, or similar roles, within council tax administration since 1988. Key responsibilities included:

- supervising council tax and recovery administration
- ensuring documentation is accurate and issued on time
- contacting customers by means of writing, telephone and visits
- undertaking quality checks on council tax and recovery administration
- recording performance and producing reports.

19. As part of the team leader role, the individual could authorise refunds of between £500 and £3,000. There were controls in place ([Exhibit 5, page 15](#)) which required team leaders to involve another team leader in checking and processing refunds to ensure adequate segregation of duties. While the procedures existed, there were no checks to ensure they were adhered to. It was therefore possible for the perpetrator to process refunds without anyone else being involved. Failure to implement controls enabled an abuse of authority which when combined with a detailed knowledge of council tax administration, obtained over many years of employment, provided the opportunity to withdraw funds inappropriately.

20. Given the number of accounts affected and the number of transfers between accounts for each fraudulent payment, the perpetrator required a degree of planning and fore thought to select council tax accounts, process transfers between accounts and make payments.

Exhibit 5**Council's existing controls for processing refunds**

Level	Processing
Tier 1: Refunds up to £500	<ul style="list-style-type: none"> Council tax team members have the authority to input bank details and process refunds to customers.
Tier 2: Refunds between £500 and £3,000	<ul style="list-style-type: none"> Council tax team leaders, to carry out their role, have the authority and system access to input bank details and process refunds to customers without any scrutiny. Council tax team members pass the refund to a team leader for checking and processing by the team leader on Capita One Revenues & Benefits. Refunds created by council tax team leaders must be passed directly to another team leader for checking and processing.
Tier 3: Refunds over £3,000	<ul style="list-style-type: none"> Council Tax and Recovery Manager, to carry out their role, has the authority and system access to input bank details and process refunds to customers without any scrutiny. Refunds created by council tax team members are passed to team leaders for checking and the refund is then passed to Council Tax and Recovery Manager for processing. Refunds created by a council tax team leader, are passed directly to Council Tax and Recovery Manager for checking and processing by the Council Tax and Recovery Manager.

Source: Aberdeen City Council reports

21. Managing accounts in credit did not feature as a high priority within the council's internal control systems. The amounts involved were small and, initially, any refund depended on a taxpayer seeking a request. In addition, once automatic direct debit payments were available, it was expected many overpayment issues would be resolved.

22. Controls were in place in the form of authority limits. There were no exception reports for this area of work and reports of refunds paid were not routinely run or reviewed. Had this been the case, the embezzlement would have been identified much earlier. An average council tax bill is currently around £2,000 to £3,000 per annum and while an occasional refund of a whole year's council tax might arise, several refunds of this scale every month would have attracted attention.

23. At 31 March 2024, there were only 105 accounts ([Exhibit 6, page 16](#)) with credit balances over £1,000. By comparison, there were 16 fraudulent refunds in 2023/24 with an average value of £2,932 (Exhibit 4).

Exhibit 6**Council tax credit balances at 31 March 2024**

Year	Number	%
£0 to £500	6,243	95
£500 to £1,000	245	4
£1,000 to £1,500	49	1
£1,500 to £2,000	27	—
£2,000 to £2,500	12	—
£2,500 plus	17	—
Total	6,593	100

Source: Aberdeen City Council reports

The internal control environment

24. In the public sector, there are recognised fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

25. Auditors aim to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

26. Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

27. As part of the financial statements audit, the external auditor regards council tax income as a material financial system and considers the key controls in place. This focuses on the key aspects of the income accounts including billing (including discounts and exemptions), collection and the adequacy of the provision for non-collection to ensure that council tax income is not materially misstated.

28. When planning audit assignments, internal audit consider:

- the significant risks to the activity's objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level
- the adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model.

29. Internal audit routinely undertake audits of council tax administration. The scope might focus on one aspect of administration or take a wider view across the service. The last audit which included some consideration of refunds was a review of council tax billing carried out in 2016. This included samples of reliefs, payments and refunds. In respect of refunds, the auditor reported that the sample was correctly calculated, supported by appropriate documentation, authorised and refund payments had been made to the correct bank accounts.

Improvements in the council's internal controls

30. The council was quick to respond once the suspected fraudulent activity was brought to officers' attention. Internal counter-fraud officers undertook initial enquiries before referring the matter to Police Scotland. Disciplinary proceedings were quickly enacted. This resulted in the individual pleading guilty to the embezzlement of funds and receiving a prison sentence.

31. The Chief Officer – Finance undertook a review of the systems and processes operating around accounts in credit and refunds and provided the Audit, Risk and Scrutiny Committee with an update in February 2024. Immediate action was taken in October 2023 to strengthen segregation of duties between processing and approving refunds and inputting bank details.

32. An improvement plan was prepared by the service covering council tax refunds and wider banking and supplier payment controls. Ten actions were identified for which prompt steps were taken to implement five and the remainder, with one exception due in July 2024, were prioritised for implementation by December 2024. Given the passage of time since the fraud was identified, the inclusion of interim milestones would have been helpful to maintain focus and demonstrate progress.

33. The council's officer-led risk board monitored progress with the actions between March and October 2024. This responsibility has now passed to a Task and Finish Group which has recently been convened to oversee completion of the actions and provide assurance to the corporate management team. Membership includes a range of finance, council tax and governance officers.

34. In July 2024, the Chief Officer – Finance sought assurance that key control weaknesses had been addressed and engaged internal audit to assess progress with implementation and offer further considerations to

strengthen the framework. Work has been undertaken to address the improvement actions identified by the service. In some cases, the associated controls have yet to be embedded in a way that fully addresses the issues identified. The chief internal auditor also identified a number of additional system-wide risks and made further recommendations.

35. In the chief internal auditor's view, most actions were therefore only partially complete with some expected to take longer than the target dates previously reported by the service. The Task and Finish Group have recently taken ownership of the improvement plan, including the additional recommendations, and now need to increase momentum by prioritising the additional recommendations and allocating clear responsibilities and timescales for action.

Lessons for others

36. While the fraud was complex, weaknesses in the council's internal controls facilitated the fraud and meant that it was not detected for some time. In particular, the council had controls in place but there was no scrutiny to ensure the effective operation of these controls. All councils should consider whether the following fundamental internal controls are operating effectively:

- **Segregation of duties:** ensuring access to systems are restricted to appropriate levels (to negate the possibility of individuals processing transactions all the way through the payments process).
- **Reconciliations:** ensuring feeder systems are effectively reconciled to other systems (eg, general ledger); using third-party information (suppliers' statements) and reconciling with payment systems.
- **System documentation:** system documentation should be maintained which details key controls to be carried out by staff to prevent fraud or error.
- **Monitoring:** scrutiny monitoring should be at a level that would allow managers to identify anomalous payments at an early stage.
- **Counter-fraud arrangements:** refresh and promote the counter-fraud policy with staff.

37. The processes around the annual governance statement also provide a useful opportunity for councils to take stock of the key controls and processes in place and whether self-assessment processes are sufficient to provide elected members and officers with the required assurances.

The council's response to taxpayers

38. The council is acutely aware that accounts in credit balances belong to taxpayers and that the funds are held for safekeeping by the council. The priority for the council has therefore been to make sure that the individual council tax accounts affected were corrected and credit balances reinstated.

39. Since February 2024, there has been ongoing work to identify all accounts affected by the embezzlement. So far, around 1,400 accounts (25 per cent) have been identified from the estimated 5,700 accounts affected.

40. At this stage, no attempt has been made to contact taxpayers and no refunds have been made. There are practical challenges of providing a refund to taxpayers often years after the event, who had not already been located at the time.

41. The council intends to try to establish contact with the relevant taxpayers and where this is not possible, revised procedures for managing accounts in credit will be applied. When there is no response to follow up correspondence, a credit balance will be cleared by writing the amount back in the council tax system. Should a taxpayer ever identify themselves to the council in the future however, the money remains available for repayment.

42. Provision was made in the 2023/24 annual accounts for the loss of funds. The council expects to recover the loss through a combination of cash from the pension of the perpetrator and a claim on the council's insurance.

Conclusions

43. There were failures in controls within the council that allowed this fraud to continue over a prolonged period. In particular, a lack of segregation of duties and monitoring in relation to council tax refunds allowed the perpetrator to transfer balances between council tax accounts.

44. Controls exist to safeguard both the employees and the employer. In this case, failure to implement controls enabled an abuse of authority which, when combined with a detailed knowledge of council tax administration, provided the opportunity to withdraw funds inappropriately.

45. In totality, the scale of the fraud was significant. There was no major impact on the individual financial statements from 2006/07 to 2023/24 and the payments did not represent a material misstatement in any given year.

46. The amounts were taken from balances held by the council on behalf of taxpayers who had made overpayments on their council tax accounts. The council recognises its safeguarding role, and to date, has identified around 25 per cent of the accounts affected. No attempt has yet been made to contact taxpayers and make refunds.

47. Once an irregular transaction was identified in September 2023, the council acted quickly to deal with the individual, the situation and take corrective action. Key controls such as segregation of duties were promptly revised and an improvement plan of prioritised actions was developed. Good progress has also been made with processes to recover lost funds.

48. Work was undertaken to address the improvement actions identified by the service but some of the associated controls have yet to be embedded in a way that fully addresses the issues identified. Management requested internal audit review progress being made against the improvement plan and consider controls to further strengthen the framework around accounts in credit and refunds. A number of additional system-wide risks were duly identified and further recommendations were made.

49. In the chief internal auditor's view, most actions were therefore only partially complete with some expected to take longer than the target dates previously reported by the service. The Task and Finish Group have recently taken ownership of the improvement plan including the additional recommendations and now need to increase momentum.

50. The council generally has a sound system of internal controls in place but should take the opportunity to undertake a risk assessment of its wider internal control and counter-fraud arrangements and use the annual governance statement process to review its self-assessment arrangements across services.

The 2023/24 audit of Aberdeen City Council

Council tax refunds – a significant fraud



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5 February 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Treasury Management Policy
REPORT NUMBER	CORS/25/013
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Neil Stewart
TERMS OF REFERENCE	5 and 6

1. PURPOSE OF REPORT

- 1.1 To outline the Council's Treasury Management Policy for 2025/26 to 2027/28, for approval.

2. RECOMMENDATION

That Council: -

- 2.1 Approve the Council's Treasury Management Policy, including the Treasury Management Policy Statement, Borrowing Policy, Investment Policy and Counterparty list, for 2025/26 to 2027/28 as detailed at Appendix 1.

3. CURRENT SITUATION

Introduction

- 3.1 The Council approved a Treasury Management Policy for the financial years 2024/25 to 2026/27 on 7 February 2024. Part of this policy is to report annually on a policy which covers future financial years. A final report reviewing Treasury Management activities for the year, as well as a mid-year review report, will also be presented to full Council, in due course.
- 3.2 Councils are required by the Local Government Capital Expenditure Limits (Scotland) Regulations 2004 to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Finance in Local Authorities ("the Code") when carrying out their duties under part 7 of the Local Government in Scotland Act 2003.
- 3.3 It is a requirement of this Code that Treasury Management is carried out in accordance with good professional practice. The Code requires compliance with the CIPFA "Code of Practice for Treasury Management in the Public Services", which this Council does. The CIPFA Code of Practice states that Treasury Management reports must be approved by full Council.

- 3.4 Historically, the Council's annual programme of capital investment has been funded by Treasury Management activities, such as additional long-term borrowing.

Treasury Management Policy 2025/26 to 2027/28

- 3.5 The proposed Treasury Management Policy for 2025/26 to 2027/28 is set out in detail at Appendix 1 and is subject to annual review. The policy has been slightly revised to align with the latest versions of both the CIPFA Code of Practice for Treasury Management in the Public Services, and the Prudential Code for Capital Finance in Local Authorities.

Treasury Management Policy Statement 2025/26 to 2027/28

- 3.6 The proposed Treasury Management Policy Statement for 2025/26 to 2027/28 is set out in detail in Appendix 1, Section 5.1, for approval. The Policy Statement uses a form of words as recommended by CIPFA in its Code of Practice for Treasury Management in the Public Services.

Borrowing and Investment Policies 2025/26 to 2027/28

- 3.7 There are no key changes within either the Council's Borrowing or Investment Policies for 2025/26 to 2027/28.
- 3.8 The Council's proposed Borrowing Policy for 2025/26 to 2027/28 is set out in detail at Appendix 1, Section 5.2 for approval. The Council's proposed Investment Policy for 2025/26 to 2027/28 is set out in detail at Appendix 1, Section 5.4 for approval.
- 3.9 The process of setting these policies takes account of the pre-existing structure of the Council's debt and investment portfolios. The limits on fixed rate debt and variable rate debt within this Treasury Management policy may be subject to further change, in line with market conditions. However, any such change to these limits would be reported to Council.
- 3.10 One of the key areas of the Local Government Investments (Scotland) Regulations 2010 (the "investment regulations") is permitted investments. Under the regulations and the associated Finance Circular 5/2010, local authorities are required to set out in their policy the types of investment that they will permit in the financial year. These are known as permitted investments. The Council is required to set a limit to the amounts that may be held in such investment types at any time in the year, although some types of investment may be classed as unlimited, e.g., Bank deposits (subject to individual Counterparty list limits).
- 3.11 Permitted Investment instruments identified for use in the financial years 2025/26 to 2027/28 are listed in Appendix 1, Section 5.5.

The Investment Policy is also required to identify: -

- the different types of risk that each permitted type of investment is exposed to;

- the objectives for each type of permitted investment;
- details of the maximum value and maximum period for which funds may prudently be invested; and
- procedures for reviewing the holding of longer-term investments

Counterparty List

- 3.12 The Council, as part of its Treasury Management Policy, has an approved listing of banks and other financial institutions (the Counterparty list) with which it can undertake short-term money investments.
- 3.13 The Council's Counterparty list is compiled using credit rating information supplied by the major credit rating agencies to Link Asset Services, the Council's appointed Treasury Management advisors.
- 3.14 The Counterparty list was last updated on 7 February 2024, and is attached at Appendix 1, Section 5.7, for approval.

CIPFA Code of Practice for Treasury Management in the Public Services

- 3.15 A revised version of the Treasury Management Code of Practice was issued by CIPFA in December 2021, which took effect from 1st April 2023. The latest revision includes some slight changes to practices. Most of the changes to the Code were around borrowing for purely commercial purposes, which this Council does not do.

The Prudential Code for Finance in Local Authorities

- 3.16 Similarly a revised version of the Prudential Code was issued by CIPFA in December 2021. Again, this revision features some changes to prudential indicator reporting with effect from 1st April 2023
- 3.17 The ability for the Council to set the scope and size of its capital plans remains within the powers of the Council. That said, the prudential system processes have been strengthened to set out greater consideration of prudence, with sustainability and risk reporting to be improved through governance procedures.
- 3.18 The Council is required to comply with the requirements of the CIPFA Prudential Code. Part of these requirements includes the setting of several Prudential Indicators.
- 3.19 Included within these indicators are several Treasury Management Indicators for External Debt boundaries. The Code does state "It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate".

- 3.20 The Council has in place an early warning system to highlight when these indicators are likely to be breached. No indicators were breached during the previous year.
- 3.21 The Prudential Indicators 2025/26 to 2029/30 will be considered and approved by Council at its budget meeting on 5th March 2025.

National Limit on Capital Expenditure

- 3.22 The Local Government in Scotland Act 2003 specifies that Scottish Ministers may by order, set the maximum amounts which local authorities may allocate to capital expenditure. They may also, by direction, set the maximum amounts which a particular local authority may allocate to capital expenditure. Different amounts may be set, in relation to different kinds of capital expenditure.

4. FINANCIAL IMPLICATIONS

- 4.1 Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts on costs chargeable to the Council's revenue budgets through the interest rates that are applied to capital financing costs. Whilst the level of borrowing a Council can undertake is now devolved from the Scottish Government to individual Councils, it will still be constrained by the requirement for capital investment to be affordable, sustainable and prudent. The main test of affordability will be whether the capital financing costs can be contained within the revenue budgets.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report, however it should be noted that the issuance of the Bonds requires the Council to comply with the UK Market Abuse Regulation, the Disclosure and Transparency Rules, the Listing Rules and ongoing obligations as set out in the London Stock Exchange Admission and Disclosure Standards.

6. ENVIRONMENTAL IMPLICATIONS

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

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) <small>*taking into account controls/control actions</small>	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risks identified			

Compliance	No significant risks identified			
Operational	No significant risks identified			
Financial	Loss of deposit in a failed bank or financial institution	The Council has strict lending criteria, only financial institutions with the highest credit ratings are included on the Council's Counterparty list. The list is compiled in conjunction with the Council's Treasury	L	Yes
Reputational	No significant risks identified			
Environment / Climate	No significant risks identified			

8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Jonathan Belford, Chief Officer - Finance on 24 January 2025.
Data Protection Impact Assessment	Not Required

10. BACKGROUND PAPERS

10.1 CIPFA "Code of Practice for Treasury Management in the Public Services ";
CIPFA "The Prudential Code for Capital Finance in Local Authorities";
Link Asset Services "Treasury Management Annual Investment Strategy";
Scottish Government "The Investment of Money by Scottish Local Authorities".

11. APPENDICES

11.1 Appendix 1 - Treasury Management Policy for 2025/26 to 2027/28

12. REPORT AUTHOR CONTACT DETAILS

Name	Neil Stewart
Title	Accountant
Email Address	nstewart@aberdeencity.gov.uk
Tel	01224 522696

Treasury Management Policy: Borrowing and Investment

Approved by Council on XX

Document Control

Approval Date	Submitted for approval on 5 February 2025
Implementation Date	01/04/2025
Policy Number	-
Policy Author(s) and Owner	Neil Stewart, Jonathan Belford
Approval Authority	Council
Scheduled Review	Annually
Changes	No significant changes

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1. Purpose Statement

- 1.1 This policy outlines the Council's approach to its Treasury Management activities, including Borrowings and Investments, for financial years 2025/26 to 2027/28. The policy is subject to an annual review.
- 1.2 The policy statement uses a form of words as recommended by CIPFA in its Code of Practice for Treasury Management in the Public Services.

2. Application and Scope Statement

- 2.1 The policy sets out the framework that which the Council's Borrowing and Investment strategies will work within.
- 2.2 Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts on costs chargeable to the Council's revenue budgets through the interest rates that are applied to capital financing costs.

3. Responsibilities

- 3.1 It shall be the responsibility of the Chief Officer - Finance, or designated officer, to ensure that this policy is kept up to date and is monitored for its effectiveness. The policy shall be reviewed annually to take account of changes in regulations, statute or professional guidance.
- 3.2 The Chief Officer - Finance, as the "Proper Officer", in terms of Section 95 of the Local Government (Scotland) Act 1973, shall be the adviser on financial matters to the Council and all its Committees. S/he shall be responsible for the proper administration of the Council's financial affairs.
- 3.3 The policy is implemented and applied on a day-to-day basis by the Accountant (Treasury).

4. Supporting Procedures & Documentation

- 4.1 The Council is required by the Local Government Capital Expenditure Limits (Scotland) Regulations 2004 to have regard to the Prudential Code for Capital Finance in Local Authorities ("the Code") when carrying out its duties under part 7 of the Local Government in Scotland Act 2003.
- 4.2 It is a requirement of this Code that Treasury Management is carried out in accordance with good professional practice. The Code requires compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) "Code of Practice for Treasury Management in the Public Services", which the Council does. The CIPFA Code of Practice states that Treasury Management Strategy reports must be approved by full Council.

4.3 The latest version of the Treasury Management Code of Practice was issued by CIPFA in December 2021. The Treasury Management Policy Statement, Borrowing and Investment Strategy documents contained within this report have been prepared in line with this.

4.4 CIPFA's Code of Practice recommends that Treasury Management policy should be reported to full Council at least annually. A year-end report reviewing Treasury Management activities for the year, and a mid-year review, are also presented to full Council, as per CIPFA's recommendations.

5. Policy Statement

5.1 TREASURY MANAGEMENT POLICY STATEMENT FOR 2025/26 TO 2027/28

Aberdeen City Council will adopt the CIPFA Treasury Management in the Public Services Code of Practice. The Council will also have regard to the Local Government Investments (Scotland) Regulations 2010.

The Council defines its treasury management activities as:

The management of the organisation's borrowings, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organization and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's appointed Treasury Advisors are Link Asset Services. Their expertise will continue to be used by the Council in making Treasury decisions in areas such as debt rescheduling, interest rate forecasts, market conditions, advice on new types of financial instruments and compiling the Council's Counterparty list.

5.2 BORROWING POLICY FOR 2025/26 TO 2027/28

Under the Prudential Code previous borrowing restrictions linked to consents no longer apply. With Public Works Loans Board (PWLB) rates at historic low levels in periods from 40 to 50 years, our policy would be to borrow, if required, in these periods to take advantage of those rates. Rates are monitored on an on-going basis to determine the optimum time to undertake any necessary borrowing. When decisions on new

borrowing are being made, due consideration must also be given to the Council's Debt Maturity Profile.

Approximately 63% of the Council's long-term borrowing is long-term fixed rate PWLB loans. Whilst there is no immediate intention to reschedule these debts, if opportunities arise to do so that will result in a decrease in the Council's cost of borrowing then these will be fully examined to determine whether this represents Best Value. Due care and attention to both IFRS 9 Financial Instruments (International Financial Reporting Standard), and the Council's Debt Maturity Profile will be examined prior to entering any such commitment.

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2025/26, 2026/27 and 2027/28 of 100% of its net outstanding principal sums.

It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2025/26, 2026/27 and 2027/28 of 30% of its net outstanding principal sums. This means that the Chief Officer - Finance will manage fixed interest rate exposures within the range 30% to 100% and variable interest rate exposures within the range 0% to 30%.

It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	<u>Upper limit</u>	<u>Lower limit</u>
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	25%

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

5.3 STATUTORY REPAYMENT OF LOANS FUND ADVANCES

The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

For Loans Fund balances outstanding as at 1 April 2019, the policy will be to adopt a simplified prudent approach that uses an average Loans Fund repayment period of 40 years, applying an annuity method. The interest rate used for the annual repayment will

be 5%, with this being the average consolidated rate on the Councils external borrowing for the period 2003/04 to 2018/19.

The average life and average interest rate will be kept under review each year to ensure they remain prudent.

The policy is subject to the following details:

- An average Asset life for the year's total advances will normally be used. There will not be separate schedules for the components of a building (e.g. plant, roof etc).
- The Average Asset Life will be determined by the Chief Officer - Finance.
- The interest rate used in the annuity calculation will be determined by the Chief Officer - Finance.
- Loans Fund Repayments will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for assets under construction where repayments will be deferred until the year after the asset becomes operational.
- Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Chief Officer - Finance.
- If appropriate, shorter repayment periods (i.e. less than the asset life) may be used for some or all new borrowing.
- The policy will aim to support the maintenance of a balanced and sustainable Housing Revenue Account business plan.
- Where revenue contributions or specific grants are received from government or other sources that can be associated with the debt financing costs of capital investment, then the repayments will be profiled in line with the income profile (e.g. TIF, City Deal). These will be kept under review to ensure the provision for repayment remains prudent.
- The Council may make additional voluntary debt repayment provision from revenue or capital resources. In this case, the Chief Officer - Finance may make an appropriate reduction in later years' levels of Loans Fund Repayments.

The policy was previously approved by the City Growth & Resources Committee on 25 April 2019 and can be viewed via the following link:

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=618&MId=6191&Ver=4>

5.4 INVESTMENT POLICY FOR 2025/26 TO 2027/28

The Council's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

The policy is designed to ensure that the Council complies with all applicable legislation and regulation relating to the management of portfolio liquidity risk and has robust controls in place to protect the financial soundness of this Council.

The policy must be read in conjunction with all applicable operational policies. The policy is aligned with the low risk appetite of this Council and fundamentally with the two key

principles of preservation of capital and guarantee of liquidity of the investments. The policy has also been designed to provide the Council with the flexibility to obtain an adequate return on its investments in line with predefined levels of security and liquidity.

The Council's approved counterparty list will be adhered to when making short-term investments and reviewed as necessary. This ensures that only those counterparties with the highest credit ratings are used within the maximum limits set. If it is considered necessary to make any changes to the list Committee approval will be sought.

Prior to the introduction of the current investment regulations, investments made by Scottish local authorities were limited to one year. This restriction was removed from 1st April 2010 and the Council accordingly has used these powers when such investing is both appropriate and attractive, while respecting the key principles of preservation of capital and guaranteeing the liquidity of the investments.

Rates offered by approved counterparties are to be monitored on an on-going basis to determine the optimum time to undertake any investments. When decisions on new investments are being made, due consideration must also be given to the Council's projected cashflow position.

The Local Authority investment market may develop new investment products, in line with current investment regulations. In order to protect against any possible loss of income, the power to add a new investment instrument to the list of Permitted Investments, should be delegated to the Chief Officer - Finance. Any such approval would be reported at the next full Council meeting.

Liquidity of its investments is a key priority of the Council. To ensure good availability of liquidity for cashflow purposes, no more than 50% of the Council's available investments should be placed in longer-term, fixed rate investments. The remainder will be kept in highly liquid investments and invested on a short-term basis, using either Bank deposits or "Aaa"/"AAA" rated Money Market Funds.

Any change in the level of liquidity held will require approval from the Chief Officer - Finance and will be reported at the next full Council meeting.

The level of liquidity required at any given time will be based on several factors, including:

- (a) the Council's cashflow requirements over the months ahead. This would include any known payments to third parties, loan repayments etc.
- (b) the level of surplus funds administered on behalf other bodies such as the Pension Fund, ALEOs and Trusts, as these funds may be called back at any time by the bodies.
- (c) any payment with regards to capital projects which may require financing at short notice.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) CONSIDERATIONS

At this time, the Council considers the advice of its financial advisors when compiling its Counterparty list. Our financial advisors are informed by credit ratings agencies whom supply such ratings on potential counterparties. These ratings incorporate ESG risks alongside more traditional financial risk metrics, therefore ESG considerations are already incorporated in our Counterparty list to an extent.

The Council will continue to work with and follow the advice of its financial advisors when looking at ways in which to incorporate further ESG factors into their own assessment service.

5.5 LIST OF PERMITTED INVESTMENTS

This Council approves the following forms of investment instrument for use as permitted investments: -

DEPOSITS - Unlimited (subject to individual Counterparty list limits)

- Debt Management Agency Deposit Facility
- Term deposits – local authorities (as per Counterparty list)
- Call accounts – banks and building societies (as per Counterparty list)
- Term deposits – banks and building societies (as per Counterparty list)
- Fixed term deposits with variable rate/maturities (Structured deposits, as per Counterparty list)

COLLECTIVE INVESTMENT SCHEMES - £250m

- Government Liquidity Funds
- Money Market Funds (subject to individual Counterparty list limits)
- Enhanced cash funds
- Gilt Funds
- Bond Funds
- Multi-Asset Funds

GOVERNMENT SECURITIES - £100m

- Treasury Bills
- UK Government Gilts
- Bond issuance (from financial institution guaranteed by UK Government)
- Bonds issued by multi-lateral development banks

CORPORATE SECURITIES - £10m

- Certificates of deposit (as per Counterparty list)

PERMITTED INVESTMENTS - NON-TREASURY INVESTMENTS

- The Council can also invest in the following areas, which are out with the Treasury Management scope and would be subject to separate committee approval: -
 - a) All shareholding, unit holding and bond holding, including those in a local authority owned company;

- b) Investments for service purposes. This includes loans to a local authority company or other entity formed by a local authority to deliver public services, including Joint Venture entities;
- c) Loans made to third parties;
- d) Investment properties.

5.6 OBJECTIVES OF PERMITTED INVESTMENTS

DEPOSITS - The following forms of 'investments' are more accurately called deposits as cash is deposited in an account until an agreed maturity date or is held at call.

- Debt Management Agency Deposit Facility (DMADF) – This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. As it is low risk it also earns low rates of interest. The longest period for a term deposit with the DMADF is 6 months.
- Term Deposits – This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF. In addition, longer term deposits offer an opportunity to increase investments returns by locking in high rates ahead of an expected fall in the level of interest rates.
- Call accounts – The objectives are as for Term Deposits, but with instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Use of call accounts is highly desirable to ensure that the authority has ready access to cash for liquidity purposes.
- Fixed term deposits with variable rate/maturities – This encompasses all types of structured deposits. There has been considerable change in the types of structured deposits brought to the market over the last few years, some of which are already no longer available. In view of the fluid nature of this area, this section allows flexibility to adopt new instruments as and when they are brought to the market.
- Deposits with Counterparties currently in receipt of government support/ownership – These banks offer another dimension of creditworthiness in terms of Government backing through either partial or full direct ownership. The view of this authority is that such backing makes these banks attractive institutions with whom to place deposits.

COLLECTIVE INVESTMENT SCHEMES -

- Money Market Fund (MMF) – By definition, MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this authority does not currently have the expertise or capabilities to hold directly. Money Market Funds can have either a constant net asset value (CNAV) or a low volatility net asset value (LVNAV).

Due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM)

cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60-day WAM means they have locked in investments earning higher rates of interest than are currently available in the market.

MMFs also help an authority to diversify its own portfolio and offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF.

- Government Liquidity Funds – These are the same as money market funds (see above) but only invest in government debt issuance with highly rated governments. Due to the higher quality of underlying investments, they offer a lower rate of return than MMFs. However, their net return is typically on a par with the DMADF, but with instant access.
- Enhanced cash funds – These funds are similar to MMFs, can still be AAA rated but have variable net asset values (VNAV). They aim to achieve a higher yield and to do this either take more credit risk or invest out for longer periods of time, which means they are more volatile.

These funds can have WAMs and Weighted Average Life (WALs) of 90 – 365 days or even longer. Their primary objective is yield and capital preservation is second. They therefore are a higher risk than MMFs and correspondingly have the potential to earn higher returns than MMFs.

- Gilt Funds – These are funds which invest only in UK Government gilts. They offer a lower rate of return than bond funds but are highly rated both as a fund and through investing only in highly rated government securities. They offer a higher rate of return than investing in DMADF, but they do have an exposure to movements in market prices of assets held.
- Bond Funds – These can invest in both government and corporate bonds. This therefore entails a higher level of risk exposure than gilt funds and the aim is to achieve a higher rate of return than normally available from gilt funds by trading in non-government bonds.
- Multi-Asset Funds – These funds contain a combination of asset classes (such as cash, equity or bonds) and therefore increase the diversification of an investment. This reduces risk/volatility but can also impact upon potential returns. Funds can be tailored to suit an investors tolerance of risk.

GOVERNMENT SECURITIES – The following types of investments are where a local authority directly purchases a particular investment instrument - a security. It has a market price when purchased and that value can change during the period the instrument is held until it matures or is sold. The annual earnings on a security is called a yield - it is

normally the interest paid by the issuer divided by the price paid, unless the security is initially issued at a discount (e.g. treasury bills).

- Treasury Bills – These are short term bills (up to 12 months, although none have ever been issued for this maturity) issued by the Government and so are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales could incur a net cost during the period of ownership.
- UK Government Gilts – These are longer term debt issuance by the UK Government and are backed by the sovereign rating of the UK. The yield is higher than the rate of interest paid by the DMADF and another advantage compared to a time deposit in the DMADF is that they can be sold if there is a need for access to cash at any point in time. However, there is a spread between purchase and sale prices so early sales may incur a net cost. Market movements that occur between purchase and sale may also have an adverse impact on proceeds. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity, if the yield curve is positive.
- Bond issuance (from financial institution guaranteed by UK Government) – This is similar to a gilt due to the Government guarantee.
- Bonds issued by multi-lateral development banks (MLDBs) – These are similar to both gilts and bond issuance but are issued by MLDBs which are typically guaranteed by a group of sovereign states e.g. European Bank for Reconstruction and Development.

CORPORATE SECURITIES – The following types of investments are where a local authority directly purchases a particular investment instrument – a security. It has a market price when purchased and that value can change during the period it is held until it is sold. The annual earnings on a security is called a yield – the interest paid by the issuer divided by the price paid. These are similar to government securities although they generally have a higher risk than government debt and as such earn higher yields.

- Certificates of deposit (CDs) – These are shorter term securities issued by deposit taking institutions (mainly financial institutions). They are negotiable instruments, so can be sold ahead of maturity and purchased after they have been issued. However, that liquidity can come at a price, where the yield could be marginally less than placing a deposit with the same bank as the issuing bank.

PERMITTED INVESTMENTS - NON-TREASURY INVESTMENTS

- The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries/ALEOs, and investment property portfolios.

5.7 COUNTERPARTY LIST

Deposits up to 12 months

All the banks listed in this category have a suggested duration of 12 months from our treasury advisors, Link Asset Services credit rating list – i.e. the highest rated

UK Banks - £30m limit

HSBC Bank plc

Handelsbanken PLC

Lloyds Banking Group (includes Bank of Scotland)

The Royal Bank of Scotland Group plc (includes National Westminster Bank plc)

Standard Chartered Bank

Other Banks - £20m limit

Countries with a minimum of AA+ Sovereign rating and Banks with a suggested duration of 12 months from LAS credit rating list – i.e. the highest rated

Australia - AAA

Australia and New Zealand Banking Group Ltd.

Commonwealth Bank of Australia

National Australia Bank Ltd.

Westpac Banking Corp.

Canada – AA+

Bank of Montreal

Bank of Nova Scotia

Canadian Imperial Bank of Commerce

Royal Bank of Canada

Toronto-Dominion Bank

Finland – AA+

Nordea Bank ABP

Germany - AAA

DZ BANK AG Deutsche Zentral-Genossenschaftsbank

Landwirtschaftliche Rentenbank

NRW.BANK

Netherlands - AAA

Nederlandse Waterschapsbank N.V.

Coöperatieve Rabobank U.A.

ING Bank N.V.

Singapore - AAA

DBS Bank Ltd.

Oversea-Chinese Banking Corp. Ltd.

United Overseas Bank Ltd

Sweden - AAA

Skandinaviska Enskilda Banken AB (SEB)

Svenska Handelsbanken AB

Swedbank AB

Switzerland - AAA

UBS AG

UK Local Authorities (including Police Authorities) – £20m limit
(per authority)

Deposits up to 6 months

Council's Bankers - £30m limit

Clydesdale Bank plc (trading as Virgin Money)

UK Banks - £20m limit

Barclays Bank PLC

Goldman Sachs International Bank

Santander UK PLC

UK Building Societies - £10m limit

Nationwide Building Society

Skipton Building Society

Yorkshire Building Society

Deposits up to 3 months

UK Building Societies - £10m limit

Coventry Building Society

Leeds Building Society

Collective Investment Schemes

Money Market Funds - £30m limit

Aberdeen Liquidity Fund – Sterling

Deutsche Managed Sterling Fund

Federated Short Term Sterling Prime Fund

HSBC Sterling Liquidity Fund

Insight Liquidity Fund

Morgan Stanley Sterling Liquidity Fund

State Street Global Advisors GBP Liquidity Fund

6. Definitions

6.1 CIPFA Treasury Management in the Public Services Code of Practice

This is the CIPFA guidance document that all local authorities must follow for their treasury management activities.

6.2 Counterparty list

This is an approved listing of banks and other financial institutions with which the Council can undertake short-term money investments. The list is compiled using credit rating information supplied by the major credit rating agencies to Link Asset Services, the Council's appointed Treasury Management advisors.

6.3 Prudential Code

A CIPFA produced framework to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Code are to ensure that the capital investment plans of local authorities are affordable and proportionate, and external long-term borrowing is prudent and sustainable. Risks associated with investments for service purposes are proportionate to their financial capacity, and treasury management and investment decisions are taken in accordance with professional good practice.

6.4 Public Works Loan Board

Operated by the UK Debt Management Office (DMO) on behalf of HM Treasury, to provide loans to local authorities from the National Loans Fund to support capital projects.

6.5 Debt Maturity Profile

A list/chart of loans/debt expressed in the order of their principal repayment dates.

6.6 Loans Fund Advances

The mechanism used to distribute both principal and interest costs for external borrowing, to the appropriate internal Council departmental budgets.

6.7 Money Market Funds

These funds collective investment schemes which are AAA rated. These fund portfolios are widely diversified, using many forms of investment types in order to produce a sustainable level of return to investors.

6.8 Liquidity

The availability of liquid assets/cash on hand, in order for the Council to meet its financial obligations.

7. Risk

7.1 TREASURY RISKS AND CONTROLS

All treasury borrowing and investments are subject to the following risks: -

- 7.2 Credit and counterparty risk: this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have the highest, relative, level of creditworthiness.

Control: This authority has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes.

- 7.3 Liquidity risk: this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk, as credit risk can never be zero. In this document, liquidity risk has been treated as whether instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, Certificates of Deposit, corporate bonds can usually be liquidated at short notice if the need arises, there are two caveats: - a) cash may not be available until a settlement date up to three days after the sale, b) there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

Control: This authority has a cash flow forecasting system to enable it to determine how long investments can be made for and how much can be invested. This authority operates with a liquidity policy that at least 50% of its external investments will be liquid (i.e. accessible in 35 days or less).

- 7.4 Interest rate risk: this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for instruments with a variable rate of interest.

Control: This authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which seeks to minimise borrowing costs.

- 7.5 Market risk: this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure

to market risk e.g. those investing in investment instruments with a view to obtaining a long-term increase in value.

Control: This authority does not purchase investment instruments which are subject to market risk in terms of fluctuation in their value.

- 7.6 Legal and regulatory risk: this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

Control: This authority will not undertake any form of investing until it has ensured that it has all the necessary powers and complied with all regulations.

8. Policy Performance

- 8.1 Loans Fund Pool Rate – The Council maintains a Consolidated Loans Fund (CLF) under the powers contained in the Local Government (Scotland) Act 1975. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund, except projects financed directly from Revenue Accounts.

In essence, the Loans Fund acts as a bank to the Council's Services. The Loans Fund finances the daily cashflow of Services (and either pays or charges interest) as well as deciding the amount of borrowing to undertake to finance capital expenditure. The Treasury section pro-actively manages the Council's debt and investment portfolios with the goal of reducing the overall cost of debt servicing to the Council.

All loans and investment interest and expenses for the year, as well as interest on historic outstanding borrowing, are reflected within the Council's average Loans Pool Rate. The projected pool rate is monitored against an estimate throughout the year, and any adverse movements in this would be reported to the Chief Officer – Finance.

The Loans Pool Rate is the key financial indicator of the effectiveness of Treasury Management Policy. The final rate is reported to full Council as part of the annual Treasury Management Year-End Review report.

- 8.2 The Council remains required to comply with the requirements of the Prudential Code. This includes the setting of several Prudential Indicators. Included within these indicators are several Treasury Management Indicators for External Debt boundaries.

The Code does state "It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate".

The Council has in place an early warning system to highlight when these indicators are likely to be breached. No indicators were breached during the previous year.

9. Design and Delivery

9.1 This policy has taken into consideration organisational design and governance principles of Aberdeen City Council's Operating Model.

9.2 This policy has been designed to allow scope for the use of emerging products, financial instruments and/or services which would improve the effectiveness of the Council's Treasury Management function.

10. Housekeeping and Maintenance

10.1 This policy is constantly monitored throughout the year. In line with CIPFA recommendations, Treasury Management matters are reported to full Council at least 3 times annually: -

- Annual Policy and Strategy Review
- Year End Summary
- Mid-Year Review

Should an urgent matter arise outwith the timing of these reports (e.g. a new Counterparty to be added), then a separate report can be made to full Council for approval.

11. Communication and Distribution

11.1 Although this policy is not published separately, the policy would be available as part of the relevant Council report, and therefore would be accessible through the Committee Reporting section of the Council's website and the Council's Intranet. The policy will be shared with users and stakeholders, such as Internal Audit.

12. Information Management

12.1 Information generated by the application of the policy will be managed in accordance with the Council's Corporate Information Policy and supporting Procedures.

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