

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning & Infrastructure
DATE	9 November 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	'One Aberdeen' City Development Company – Business Planning
REPORT NUMBER:	EPI/10/273

1. PURPOSE OF REPORT

The purpose of this report is to update Elected Members on progress towards the establishment of an Aberdeen City Development Company, as mandated by this Committee of 26 November 2009, and to seek Committee approval for the following recommendation. The approval of the recommendation contained within this report will allow officers to proceed with the establishment of a board of directors for the vehicle, and to assemble the required asset base by request to the Finance & Resources Committee of this Council.

2. RECOMMENDATION(S)

- (a) That this Committee commends and endorses the regeneration & economic development aims of the proposed City Development Company – 'One Aberdeen' Business Plan.

3. FINANCIAL IMPLICATIONS

The activities of One Aberdeen over its initial 5 year business plan are intended to be cost neutral to the Council, this includes the previously agreed £1.5 million delegated budget to the Director of Enterprise, Planning & Infrastructure. It is anticipated that surplus receipts can be generated by the business plan model, for dispersal to the Council as deemed appropriate. There are no State Aid Implications at this point.

4. OTHER IMPLICATIONS

None at this time.

5. BACKGROUND/MAIN ISSUES

5.1 Since the City Development Company (CDC) 'One Aberdeen' was last reported to this Committee in November 2009, there have been increasing pressures upon the Council's financial position, and the emerging Business Plan has been re-drafted in light of this. However the need for the delivery of our regeneration and economic development strategies and outcomes is as great as ever, if not even greater.

5.2 The business plan for 'One Aberdeen' is now operating on the basis that not only will this delivery vehicle be established without subsidy from Government, but that it will also place no burden upon City Council finances which is a shift from the initial expectation that resources would be made available at the vehicle's inception without a need for financial repayment, in keeping with previous local authority practice in Scotland.

5.3 The financially measurable outputs that could be expected from the involvement of the One Aberdeen any shortlisted assets will be reported to a future Finance and Resources Committee, however a broader set of indicators for outcome monitoring are detailed at the end of the business plan attached to this report.

5.4 Due to these financial constraints and following internal consultations, it is now intended that the asset and financial elements of this work will be taken to the Enterprise, Planning & Infrastructure Asset Management Group for consideration at their December 2010 and January 2011 meetings followed by the submission of an agreed short list of assets to the Finance & Resources Committee meeting of 21 April 2011. A refreshed timetable is provided below at Fig.1

	NOV 2010	DEC 2010	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY / JUNE 2011
Report to EP&I							
Shortlist to Asset Management Group							
Finalisation of Shortlist							
Creation of Board							
Charitable Status obtained							
Staff Recruitment							
Report to F&R							

Figure 1

6. IMPACT

The Single Outcome Agreement and Community Plan 2008 outline a vision for Aberdeen City which is welcoming to business (National Outcome 1) and Vibrant, Dynamic and Forward Looking.

The proposals in this report contribute to this ambition and help to create the conditions necessary for the delivery of the Aberdeen City and Shire Economic Future's 'Building on Energy- An Economic Manifesto for Aberdeen City and Shire' strategic vision of "*Aberdeen City and Shire to be recognised as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages*".

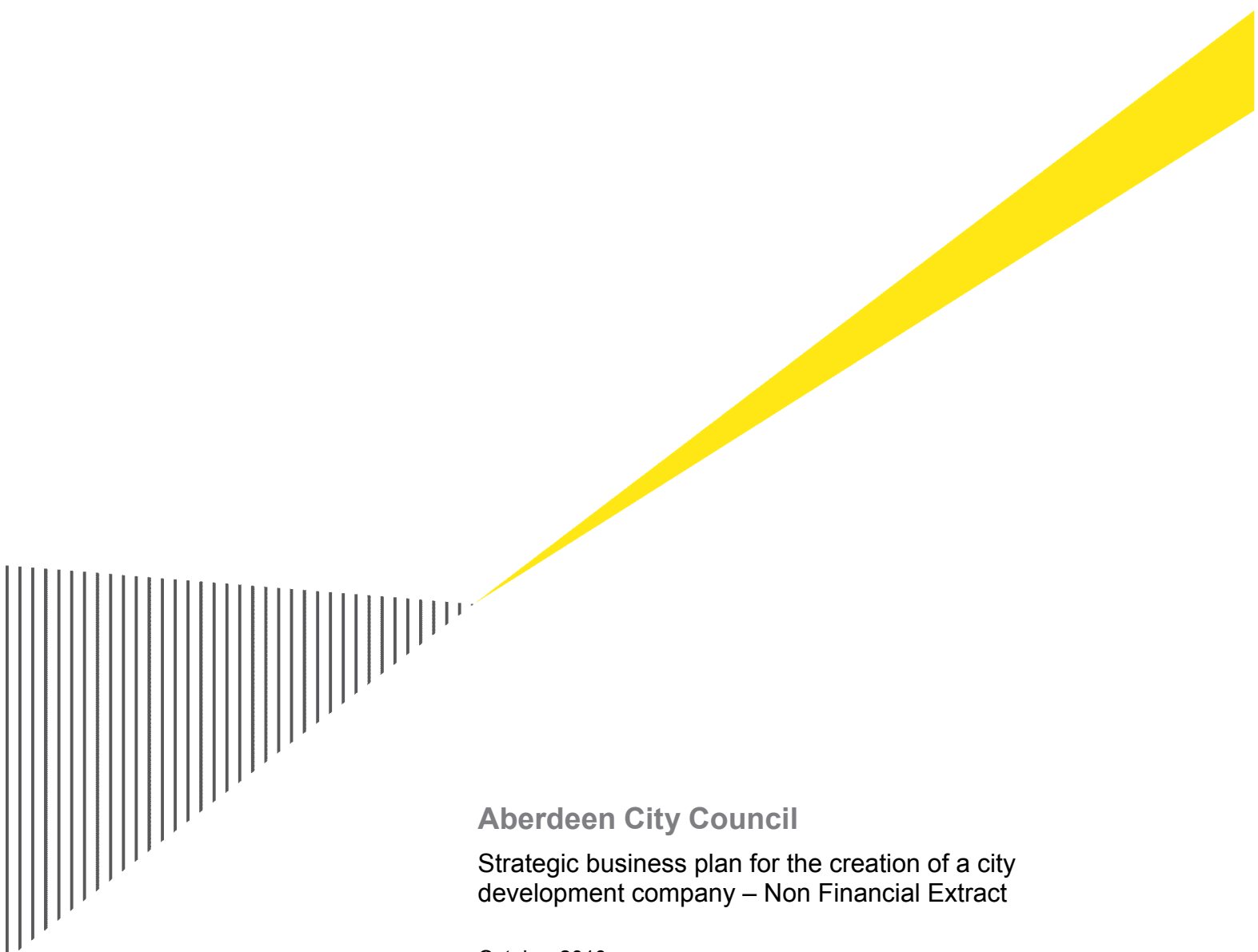
There are also linkages to the Economic Development theme of Vibrant Dynamic and Forward Looking through ensuring the sustainable development of the Aberdeen City and Shire economy and the pursuit of opportunities for regeneration and development shared with the City Regeneration Strategy, and thus a positive impact is anticipated in terms of the Equalities and Human Rights Impact Assessment.

7. BACKGROUND PAPERS

Appendix 1 – Draft 3 of the One Aberdeen Business Plan – Non Financial excerpt

9. REPORT AUTHOR DETAILS

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Aberdeen City Council

Strategic business plan for the creation of a city
development company – Non Financial Extract

October 2010

Ernst & Young LLP

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1. Executive summary

1.1 Scope of review

This business plan sets out the strategy for the creation of a city development company for the City of Aberdeen. The report has been prepared for Aberdeen City Council (“the Council”) by Ernst & Young LLP (“Ernst & Young”).

The scope of work was as follows:

- ▶ Review the strategic context and the value added proposition for establishing the development company
- ▶ Develop the vision, objective and activities for the company along with the organisation structure
- ▶ Undertake an option appraisal of surplus assets for potential transfer to the development company
- ▶ For shortlisted assets identified for transfer, develop a phased delivery programme and carry out an appraisal of each to identify the development potential for each site and related key issues
- ▶ Align the development programme with an economic and financial model, calculating the projected economic outputs and cashflows. Propose a staffing structure and develop the operating budget and sources of funding
- ▶ Develop a risk and performance management framework, identifying the key risks and mitigations and approach to performance monitoring
- ▶ Set out a stakeholder consultation strategy.

The work provided by Ernst & Young has been supplemented by Ryden LLP in relation to the provision of valuation advice and development appraisals.

1.2 The need for a city development company

Aberdeen boasts a dynamic and prosperous economy, centred on its influential position as the door to North Sea oil exploration, yet in contrast, the City is also home to a number of highly deprived areas. It is this dichotomy which presents the City with its greatest challenge, to ensure that the future prosperity of Aberdeen is extended to its entire people in all of its communities.

The report sets out the wider social, economic and environmental challenges facing the City and in particular those areas identified as ‘priority areas’ and ‘at risk neighbourhoods’. The creation of a city development company to address these challenges is considered within the wider national and local strategic context. Both existing national and local regeneration policies, and wider social programmes, have influenced the vision, objectives and proposed activities of the development company.

The earlier feasibility study carried out by the Council concluded that establishing a city development company had the potential to deliver sustainable regeneration across the City in a focused and coordinated way. Fundamentally this would be achieved through a dual role:

- ▶ Strategic coordination of public and private sector partners to achieve agreed regeneration and development objectives and outcomes

- ▶ The development vehicle taking responsibility for its own role within specific development projects.

1.3 Vision and objectives

The business plan process led to the development of a Vision for the city development company or ‘One Aberdeen’. The Vision is a strong and aspirational statement highlighting the need for a united, community approach to propel sustainable investment for the City.

“One Aberdeen: Maximising the development opportunities of our place for the benefit of all of our people through sustainable investment”

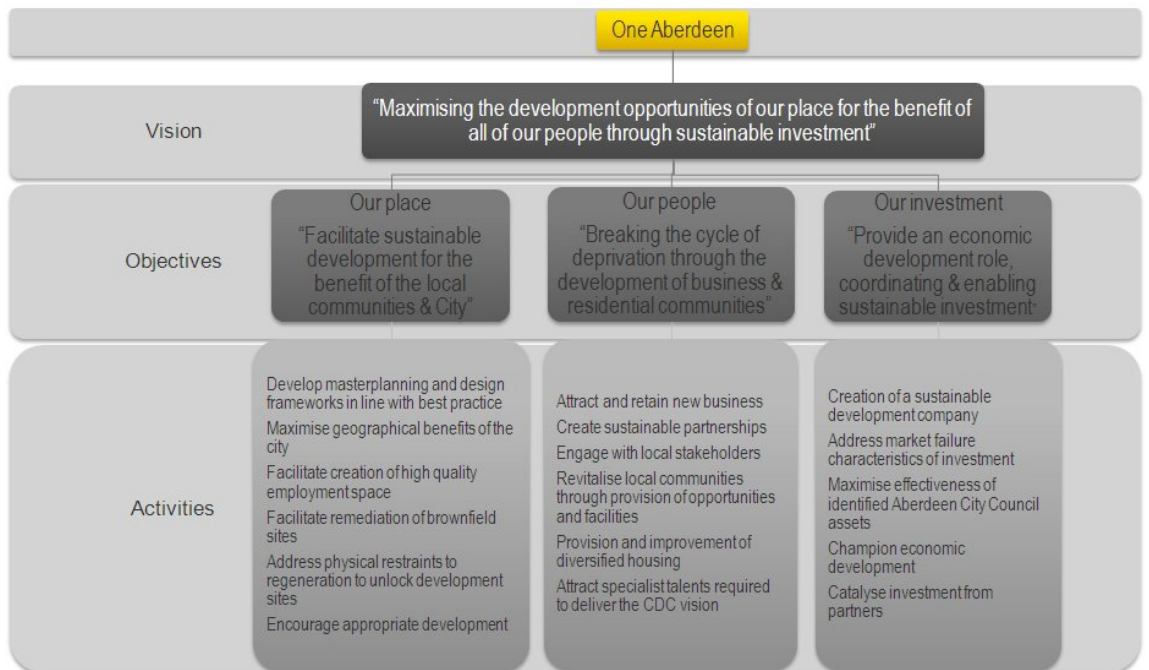
The Vision is underpinned by three key objectives which give a clear focus to the vision statement and crystallise how the vision will be achieved. Furthermore, the objectives will provide the means to measure the success of One Aberdeen in achieving the vision. The three objectives are:

Our place: facilitate development for the benefit of the local communities and City

Our people: breaking the cycle of deprivation through the development of business and residential communities

Our investment: provide an economic development role, coordinating and enabling sustainable investment.

Specific activities have been identified which will enable the objectives and ultimately the Vision of the development company to be achieved. The Vision, objectives and activities are presented below.

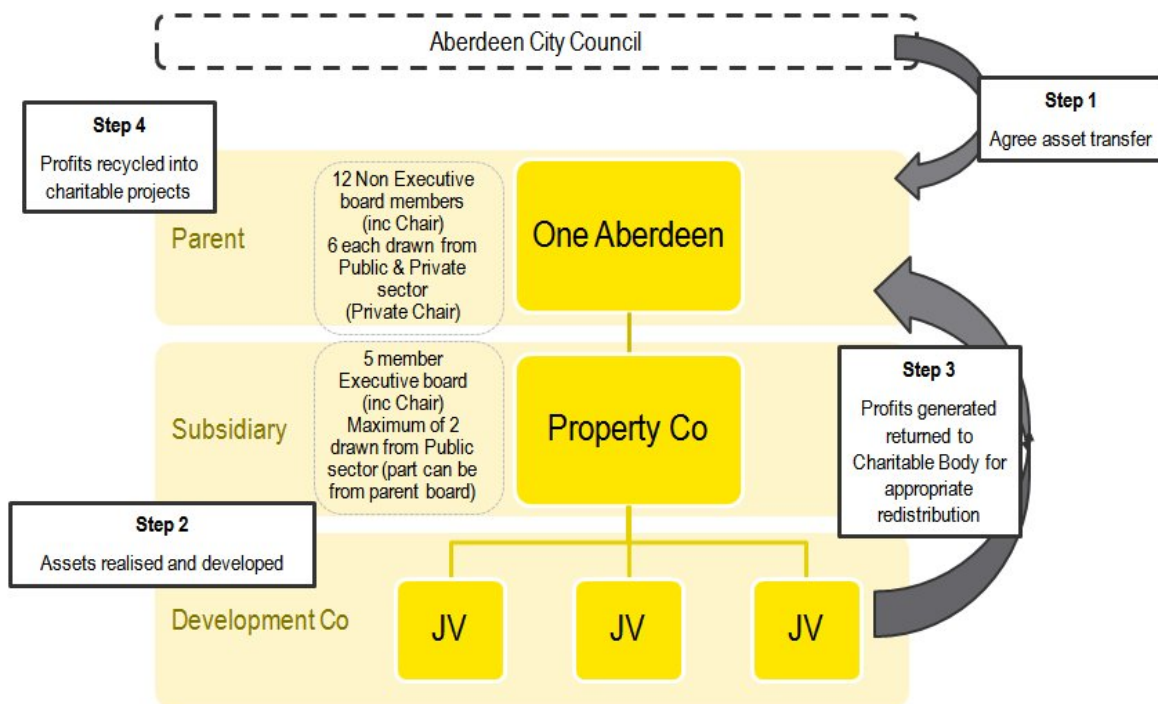


These activities are considered further within sections three and six of this report.

1.4 Organisation structure

Section four of the report details the structure and approach of the city development company. It is proposed that the vehicle will apply for charitable status and be a company limited by guarantee. It will be governed by a non executive board with up to a maximum of

12 directors. The composition of the board will be split between the public and private sector with 6 directors coming from each sector. The life of the company could span between 10 and 15 years. This will be determined by the projects and opportunities that are available. The proposed structure is outlined below.



The delivery approach to each commercial development will be influenced by the nature of the investment and identified partner. This could involve development through a series of joint ventures or other forms of public-private partnership for example, via a development agreement.

Section four also sets out a number of specific structural issues in relation to Stamp Duty Land Tax, Corporation Tax and VAT. Further tax planning work will be required.

1.5 Transfer of surplus assets

Section four sets out that the projects and opportunities to be undertaken by One Aberdeen will commence with the development of a number of surplus assets transferred from the Council (*omitted from this non-financial draft*). These were identified from an option appraisal exercise. Assets will be transferred in accordance with the *Disposal of Land by Local Authorities (Scotland) Regulations 2010* which came into force on 1 June 2010. The transfer of assets will be governed through a Memorandum of Understanding to be drafted between the Council and One Aberdeen.

The transfer of assets between the Council and One Aberdeen will be conducted under individual transfer agreements. The transfer agreement will set out the commercial details of the transfer and related obligations of each party, including appropriate clauses for profit share between the Council and One Aberdeen.

1.6 Option appraisal

Section five (*omitted from this non-financial draft*) sets out the methodology and results of the option appraisal exercise. The Council identified a long list of 59 assets for review. An option appraisal workshop was conducted with key Council officers in April 2010 in order to evaluate these assets in terms of suitability for One Aberdeen. Assets were evaluated in terms of deliverability and strategic importance:

- ▶ **Deliverability:** Assets with characteristics that do not present unwieldy barriers to One Aberdeen in the ability to deliver the agreed project outputs over the proposed life of the delivery vehicle
- ▶ **Importance:** Assets with development potential to make significant strategic contributions to the achievement of One Aberdeen’s vision and objectives.

The results of this evaluation process placed assets under one of four classifications:

- ▶ Council sell, no role identified from One Aberdeen to add significant value
- ▶ Tranche 1 asset transfer, development potential over the short to medium term
- ▶ Tranche 2 asset transfer, development potential over the medium to long term
- ▶ Council retain and review with potential future transfer should circumstances change.

A total of 14 assets were identified as priority projects under Tranche 1 and Tranche 2 developments. These assets were recognised as having a high strategic importance as development and regeneration projects. The assets were sub categorised as those having short to medium term potential to form a first tranche of projects and those having medium to longer term potential that would form a second tranche. The assets are summarised below.

Tranche 1 Developments	Tranche 2 Developments
<i>(omitted from this non-financial draft)</i>	<i>(omitted from this non-financial draft)</i>

In respect of each project within Tranche 1 and Tranche 2, Ryden was requested to describe the types of development that might take place in the future and to estimate the residual land values. The figures provided by Ryden were then used to populate a series of financial models constructed by Ernst & Young for the purpose of calculating the economic outputs of each of the projects and potential receipts to support the operating budget and for reinvestment.

Project level analysis and detailed commentary is summarised in section six *(omitted from this non-financial draft)*. There are a number of wider financial implications for the Council to consider, key matters are noted below.

Asset	Matters arising
	▶ <i>(omitted from this non-financial draft)</i>

The initial estimates of the economic outputs from the development activity are summarised below.

Economic Output Measurement	Tranche 1 Target	Tranche 2 Target
<i>(omitted from this non-financial draft)</i>		

The programme of projects is designed to make sure regeneration provides benefits for local people and businesses. This report sets out the approach for achieving wider community benefits from One Aberdeen's activities. The approach to community benefits involves two elements:

- ▶ Through the procurement and construction process - securing employment and training opportunities for local people, contracts for local firms and supporting local social enterprises
- ▶ Through ongoing economic and financial support.

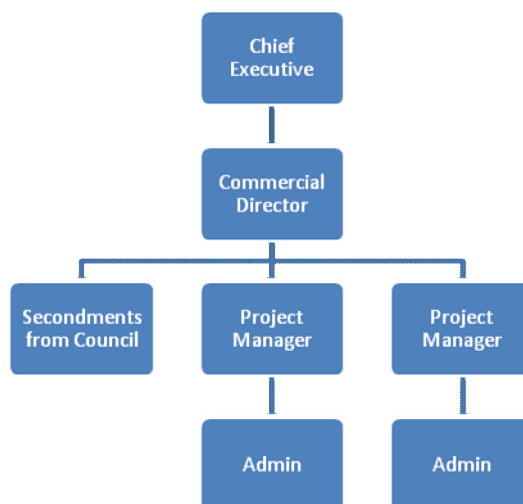
There are four main benefits from the procurement and construction process:

- ▶ targeted recruitment and training of priority groups and school leavers
- ▶ procurement opportunities for local businesses
- ▶ wider community engagement
- ▶ support for social enterprises.

1.7 Financial projections

(omitted from this non-financial draft).

The operating structure and funding proposals seek to ensure that a lean management structure and flexible resource is central to supporting the successful delivery of the development programme. The proposed staffing structure is outlined below.



It is assumed that a high profile post of Chief Executive will be recruited to proactively promote the work of One Aberdeen and provide strategic direction. It is proposed that the Chief Executive is supported by a Commercial Director with two Project Managers and Administrative Assistants. To ensure that the staffing establishment is streamlined and efficient it is proposed that One Aberdeen seeks to utilise the expertise of Council staff on a project by project basis. This may involve temporary secondments into One Aberdeen or other forms of joint working. The above staffing structure would be the optimal solution for One Aberdeen at full capacity. The organisational structure would likely evolve to this level over the first few years as the momentum of projects builds.

1.8 Risk, stakeholders and monitoring and evaluation

Section eight sets out the results of an initial risk identification and mapping exercise. Section nine outlines the key stakeholders and the work undertaken to date and future planned activities to ensure effective stakeholder consultation and engagement with the setting up of One Aberdeen.

Finally section ten sets out an initial suggested framework for monitoring and evaluation the performance of One Aberdeen.

1.9 Exit strategy

The end of the first five year period of operation represents a natural break point and would be suitable for a Council led review of the performance of One Aberdeen to assess its performance against the business plan objectives. This would be a natural exit strategy point with the potential return of assets to the Council on the grounds of non-performance. Similarly the end of the 10 year period represents a further natural break and another opportunity for review and potential exit. As a result of these exit points, the business plan illustrates the budget cash flow over a 5 year period and 10 year period in section seven *(omitted from this non-financial draft)*. The full 1 to 10 year budget is noted in Appendix G *(omitted from this non-financial draft)*.

1.10 Next steps

The key steps over the next six months for establishing the city development are as follows:

- ▶ Approval of business plan principles by Council committee (November 2010), including:
 - ▶ Vision, objectives and activities
- ▶ Appointment of Shadow Board to review and adopt the business plan
- ▶ Finalise Articles of Association and Directors' Agreement
- ▶ Establish the Memorandum of Understanding on asset transfer and commercial detail of each asset transferring under Tranche 1
- ▶ Application to OSCR for charitable status (circa 3 month process)
- ▶ Implement stakeholder engagement plan
- ▶ Recruitment of staff and location of premises.

The target date for the new company becoming operational is Spring /Summer 2011.

2. Strategic context

This section provides an overview of the Aberdeen City area and presents a summary of the regeneration challenges facing the City along with the rationale for establishing a city development company.

2.1 The area

Aberdeen is located on the North East coast of Scotland. Shaped by the river Don to the North and the river Dee to the South, the City is a flourishing, cosmopolitan port. Home to some 212,000 inhabitants, the City is Scotland's third largest and the central hub of the Grampian region.

Synonymous with the oil industry, the City hosts a unique and robust economy. The traditional industries of fishing and farming continue to contribute to the area, but it is the oil industry which has driven the City's fortunes over the past 30 years. The City houses some of the world's largest oil companies and boasts some of the world's leading oil exploration expertise. Other major employment sectors in the City include retail, wholesale, hotels, finance and business, health, education and local government services.

The City has two universities and a further education college which attract a substantial number of UK and overseas students. The City has good transport links and is easily accessed by road and rail as well as the international airport which has one of the world's busiest commercial heliports.

Aberdeen's position as the UK hub of the North Sea oil and gas industry has established it as an affluent, prosperous and economically resilient city. The local economy has historically outperformed the rest of Scotland, for example:

- ▶ Unemployment in April 2010 stood at 2.4% against a Scotland wide rate of 4.9%¹
- ▶ Gross Weekly Earnings rose from £610 in 2006 to £664 in 2009 and remains 20% higher than the rest of Scotland²
- ▶ Gross Domestic Product (GDP) grew by 1.5% in 2008 against a Scottish average of 0.7% growth²
- ▶ Gross Value Added (GVA) generated in the City and Aberdeenshire ranked 3rd in the UK in 2007 behind Inner London and Berkshire and Oxfordshire².

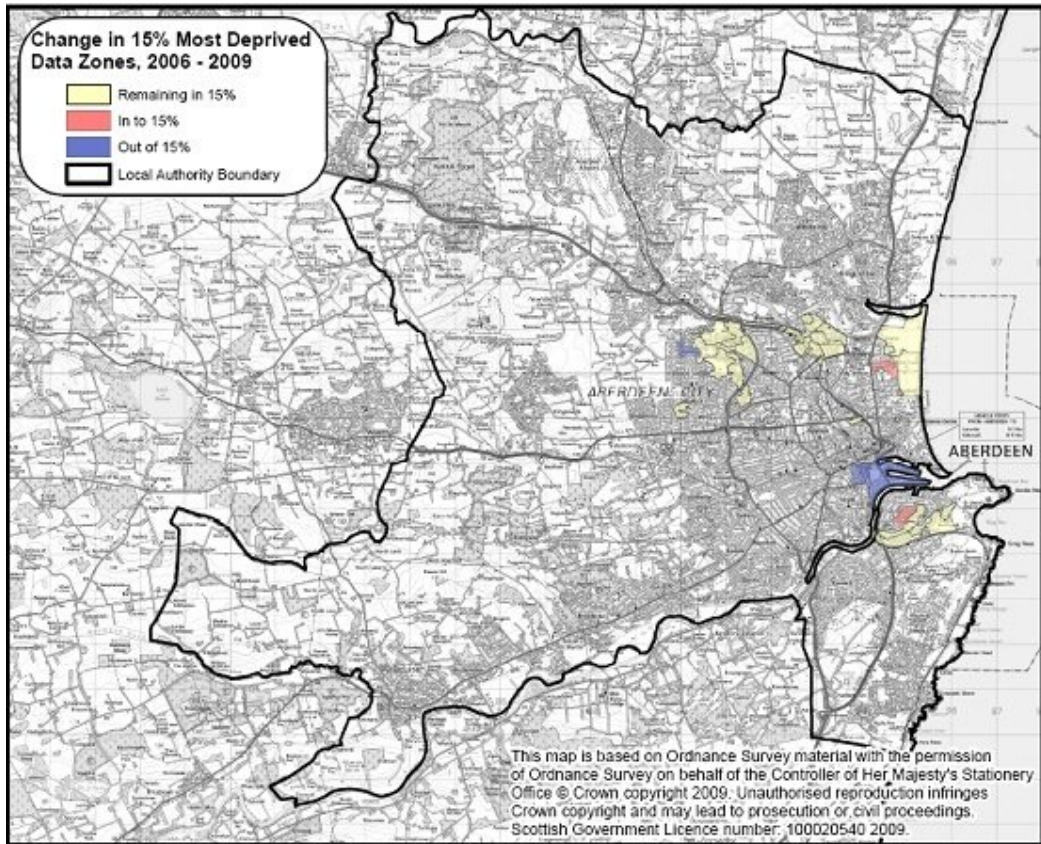
The oil and gas industry has been at the heart of this growth and the industry itself has proved resilient to the recent economic turbulence. There are a number of exciting development projects being advanced to help position Aberdeen at the continuing heart of the industry, key of which being the Energetic corridor proposals.

However, the economic statistics hide the fact that some of the City's other industries have proved less durable and the inequality gap in the City has continued to widen. The City contains a number of highly deprived areas. In the 2009 Scottish Index of Multiple Deprivation, 27 Aberdeen data zones were among the most deprived 15% of all Scottish data zones. These data zones have a population of almost 10% of the City's total population. Figure 1 overleaf shows the change in the 15% most deprived areas within the City between 2006 and 2009. While the Council has been successful in improving deprivation in some areas there is still a sizable area remaining in poverty.

¹ Source: www.scotland.gov.uk

² Source: www.ons.gov.uk

Figure 1: Aberdeen City: change in 15% most deprived areas 2006-2009



Source: www.scotland.gov.uk Crown copyright

The most deprived data zones are located in what the Council has classed as the “*priority neighbourhoods*” and the “*at risk neighbourhoods*”. These areas are summarised in Figure 2 below.

Figure 2: Priority and at risk neighbourhoods

Priority neighbourhoods	At risk neighbourhoods
Seaton	Stockethill
Tillydrone	George Street
Woodside	Mastrick
Torry	City centre
Middlefield	Froghall, Powis and Sunny bank
Cummings Park	Garthdee
Northfield	Old Aberdeen
	Heathryfold

Source: Aberdeen City Council

Whilst intervention is required in these neighbourhoods, there are also small pockets of deprivation outwith these neighbourhoods. A flexible approach is required to address inequality and meet the challenges in the identified neighbourhoods and across the City. Regeneration and economic development opportunities in these neighbourhoods have been at the forefront of the proposals for creating a regeneration and development company.

2.2 The regeneration challenges

In 2004 the Council commissioned a study³ on behalf of the Aberdeen City Alliance to identify the best means of ensuring that social inclusion and sustainable regeneration are considered when decisions are taken, and to implement a priority area focused programme. The resulting strategy summarised four main areas of challenge for the City:

- ▶ **Aberdeen's relationship with the rest of the Grampian region:** Aberdeen is the core of a major city region with the housing and employment markets extending beyond the City boundaries. It is vital to the wider City region that the core remains prosperous. While the surrounding area may achieve short term gains from the decline of the city centre, the long term impact will be detrimental to the wider region.
- ▶ **Citywide challenges:** like many city areas, Aberdeen faces a forecast of growth in the number of households due to a change in household structure. This combined with an imbalance in housing supply and demand presents city wide housing issues to be addressed. At a city level Aberdeen has above average crime rates and below average primary school attainment.
- ▶ **Economic and social structure of the City:** a striking feature of the City is that disadvantaged populations are heavily concentrated in the same neighbourhoods. The dimensions of poverty tend to be inter-related so a priority area based approach is needed to address these pockets of deprivation.
- ▶ **Changing demography in the City:** this problem is linked to the other three areas of challenge. An increase in the aging population, a decline in the working population and an increase in the number of households presents economic, social and housing challenges for Aberdeen.

The strategy was refreshed in 2007 and the key challenges of social, economic and environmental are outlined in Figure 3.

Figure 3: Social, economic and environmental challenges

Social	Economic	Environmental
Depopulation and changing demographics	Economic decline	Spatial concentration of deprivation
High levels of crime	Spatial concentration of high levels of unemployment	Existing housing stock not fit for purpose
Low levels of primary school attainment and variable educational and skills attainment	Spatial concentration of high levels of low income and wages	Impact of decentralised population increasing the length of journey to the city
Spatial concentration of poor health and well being	Changes in future employment in the energy sector	

Source: Ernst & Young LLP

2.2.1 Social

2.2.1.1 Changing demographics

With a population of 212,000 inhabitants, Aberdeen is the central hub of the Grampian region. However, the population declined by 2.4% between 2001 and 2006⁴. In contrast the outlying Aberdeenshire population increased over the same period. The perceived population drift from the City to the rural areas is symptomatic of the economic prosperity flowing from City to the outlying areas.

Although the population decline looks set to reverse, in reality the rise is largely attributable to the aging population as over the period from 2006 to 2031 the number of people over the age

³ Aberdeen Community Regeneration Strategy: Closing Our Gaps, Tribal HCH, 2004

⁴ Source: www.acsef.co.uk

of 65 will double and population loss is projected to be particularly concentrated in the main working age group between the ages of 30 and 44.

The impact of an aging population, falling working age group and population drift remains a concern to the City's economy. Whilst in the short term this would not adversely impact the wider region, the weakening of the City centre would lead to an eventual weakening of the sustainability of the whole region.

2.2.1.2 Crime

Crime rates across the City are high. The recorded crime rate per 10,000 population is 48% above the Scottish rate¹. Behind Glasgow, Aberdeen has the second highest rate of recorded crime.

2.2.1.3 Education

At a City wide level the educational achievement at primary school level is consistently below the Scottish average. In contrast, the achievement at secondary and higher education are higher, although this varies considerably across the city. The 2001 Census showed that 25% of the working population in Aberdeen had no qualifications. In some of the most deprived areas this rises to 50% of the working population. 1 in 10 school leavers in the City are classed as "unemployed and seeking employment or training". Progression to further and higher education is below the national average in 5 of the 12 City's secondary schools.⁵

The 2006 Scottish Index of Multiple Deprivation highlighted the neighbourhoods with the highest incidence of education deprivation in Aberdeen as the priority neighbourhoods of Tillydrone, Woodside, Torry, Middlefield, Cummings Park and Northfield.

2.2.1.4 Spatial concentration of poor health and well being

The 2006 SIMD also shows a stark contrast in the health of residents across the City. The neighbourhoods with the highest incidence of health deprivation are Tillydrone, Woodside, Torry, Middlefield, Cummings Park and Seaton with deaths from heart disease almost twice the Scottish average in some areas⁶.

2.2.2 Economic

2.2.2.1 Economic decline

Despite Aberdeen's recent economic prosperity, the City has been impacted by the current recession and is predicted to feel the repercussions for a number of years. Oxford Economics forecast that, in output terms, GVA is expected to fall by 2.8% in Aberdeen City in 2009, show very little growth in 2010, before growing by 1.6% and 2.1% in 2011 and 2012 respectively. It is further predicted that the recession will see a decline in total employment, with Aberdeen City set to lose around 9,500 jobs by 2011. Although there is a forecast return to jobs growth from 2012 onwards, it is not expected that the region will return to its 2008 employment levels until after 2018.

2.2.2.2 Spatial concentration of high levels of unemployment and income deprivation

The City population is split between those who have money and mobility and those without either. The wealth gap between the relatively high city average and those in areas of deprivation has continued to climb rapidly as the prosperity of the oil and gas industry carries those associated with it further and further away from those left behind. The male dominance of the energy sector has also led to Aberdeen having one of the highest pay gaps in terms of gender in the UK.

As has been shown in the areas of education and health, the variance in unemployment is also high. The neighbourhoods with the highest incidence of employment deprivation are Torry, Tillydrone, Middlefield, Woodside and Seaton¹. There is a wide variance in

⁵ Source: Census, 2001

⁶ Source: NHS Grampian, 2004

unemployment rates between areas. Statistics from the Office of National Statistics show an average unemployment rate of 1.5% across the City, but this varied from 7% in Tillydrone to less than 1% in a number of the more affluent neighbourhoods².

2.2.2.3 Future employment in the energy sector

While Aberdeen has grown with the oil industry over the past 30 years, the structure of the energy sector is changing. The rate of employment decline has been sheltered with an increase in oil and gas activity levels and high oil prices; however employment levels are expected to decline as UK Continental Shelf production declines. The City will need to compete with other areas of Scotland, the UK and internationally to attract new forms of activity within the energy sector as well as a more diverse range of employment sectors.

2.2.3 Environmental

2.2.3.1 Spatial concentration of deprivation

A striking feature of the City is the concentration of disadvantaged populations in the same neighbourhoods. The statistics have shown that the aspects of poverty tend to be inter-related and this geographical dimension of inequality is a major challenge. It creates unsustainable neighbourhoods which are unable to contribute to the city as a whole and limits the life chances of the people within those communities.

2.2.3.2 Existing housing stock not fit for purpose

There is an imbalance in the supply and demand of social rented housing which leaves the City unable to meet the housing needs of its residents. This imbalance is at an overall level and between particular property types. The housing tenure mix has altered with 'Right to Buy' sales of houses leaving the Council's remaining stock with three quarters of flatted properties. Many of these properties are in neighbourhoods where the demand is for family housing.

2.2.3.3 Decentralised population increasing the length of journey to the city

Population statistics have demonstrated that the population is moving from within the City to neighbouring local authorities. This migration from the City has a financial impact in that it is reducing council tax revenues to the Council. On an environmental front the shift of workers, visitors and shoppers to areas outwith the City increases the length of journeys. This threatens the environmental sustainability of the city region and could adversely impact on regional and national emission targets.

2.3 The policy context

It is important for any regeneration programme to be aligned to and actively supported by local, regional and national policies; not just policies specific to regeneration, but to ensure synergies across social housing, transport, commercial development and renewables. Understanding the political context will help to identify these synergies and ensure that there is no duplication or over-riding of policies, responsibilities and activities with the setting up of a city development company.

2.3.1 National

At a national level the Scottish Government promotes sustainable regeneration and economic development through enabling targeted action in the most disadvantaged areas and by devolving power locally. The Scottish Government's Purpose is:

“To focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth”

Five national priorities aim to deliver this Purpose to Scotland:

- ▶ **wealthier and fairer:** enabling business and people to increase their wealth and for more people to share fairly in that wealth
- ▶ **healthier:** helping people to sustain and improve their health, especially in deprived communities
- ▶ **smarter and stronger:** expanding opportunities to succeed from nurture through to lifelong learning and raising educational attainment
- ▶ **greener:** improving the natural and build environment and the sustainable use and employment of it.

National regeneration policy focuses on establishing cities as drivers of economic success, providing the opportunities for sustainable regeneration. The national Economic Strategy and the Housing (Scotland) Act 2010 support this direction and the rationale for using a development company as a flexible delivery vehicle.

2.3.2 Regional

As the challenges have highlighted, Aberdeen City is the core of the Grampian region and close working at a regional level is essential for sustainable regeneration. Aberdeen has a strong record of working in partnership with Aberdeenshire Council and Scottish Enterprise through the Aberdeen City and Shire Economic Forum (ACSEF) and the Aberdeen City Alliance. Relevant joint working includes the *Energetic Strategic Framework* which proposes creating a global technology corridor from Aberdeen to Peterhead, ACSEF's *Employment Land Audit 2009* which identifies the supply and availability of employment land in the North East of Scotland and *Building on energy* which presents the plan for building on the success of the oil and gas industry.

A programme of development and physical intervention delivered through a targeted vehicle will complement the regional priorities of the North East Joint Public Sector Group, in particular tackling the economy, changing demographics, housing, health and inequality.

2.3.3 Local

The public sector is increasing operating within a tightening fiscal environment. The wider economic situation has compounded budget restrictions. The recent difficulties experienced by the Council have been widely publicised and the need to reconnect with the people of Aberdeen and improve the Council's standing and reputation has been recognised.

In the community planning context, the plans for a new delivery vehicle are consistent with the regeneration priorities identified by the Aberdeen City Alliance, the community planning partnership that will deliver Aberdeen City's Community Plan. It would contribute significantly to the local outcomes identified within the Single Outcome Agreement.

There is also cohesion with the Council's local regeneration plans and other policies, including the Property Asset Management Plan, Local Housing Strategy, Green Spaces, Green Places Local Plan and the *Closing Our Gaps* Regeneration Strategy.

2.4 The need for a development company

Within this strategic and policy context, the Council investigated the feasibility of establishing a development company to contribute to meeting the regeneration needs of the City. The feasibility work demonstrated that it was both possible and beneficial to establish a vehicle for the delivery of sustainable regeneration across the City.

To effectively address the economic, social and environmental challenges the Council agreed that the main focus of the vehicle would be to focus on the aim that the future prosperity of Aberdeen is extended to all of its people in all of its communities. It was envisaged that this can be achieved through a dual role for the delivery vehicle:

- ▶ The strategic coordination of public and private sector partners in order to achieve the agreed regeneration and development objectives and outcomes
- ▶ The vehicle taking responsibility for its own role within specific development projects.

Through this dual role, the vehicle will seek to achieve the following:

- ▶ Unlock resources and help to release the economic potential of the City
- ▶ Effectively respond to the ongoing challenge of addressing regeneration objectives
- ▶ Better harness the entrepreneurial approach and timescales of the private sector
- ▶ Provide an economic leadership role
- ▶ Attract and develop the specialist talent and skills that are key to economic development
- ▶ Improve the quality of investment propositions generated by the City for external third party, public-private, and commercial financing
- ▶ Increase the capacity to bid for major projects that can have catalytic effects on economic performance
- ▶ Increase the fit between economic development delivery and economic reality
- ▶ Champion economic development needs in the development of strategies
- ▶ Increase potential for the creation and uplift of social, physical and economic value
- ▶ Help facilitate the desired growth of the City population.

These guiding principles formed the basis for development of the vehicle's Vision and Objectives and supporting activities and projects. These are summarised in section three.

3. Vision and objectives

It is proposed that the delivery vehicle will be created as a charity with the purpose of positively contributing to the regeneration challenges of the City. An application for charitable status will be made following approval of this business plan by elected members.

The vehicle will deliver a sustainable urban regeneration programme that will contribute to, creating local jobs, maximising economic development opportunities, meeting housing demand and tackling the spatial concentration of deprivation in Aberdeen. The geographical focus will be on the priority and at risk areas with reference to Figure 2. This section presents the vision and objectives for the vehicle, referred to as **One Aberdeen**.

3.1 Charitable objects

One Aberdeen aims to be established for charitable purposes to promote the benefit of the public of the City and elsewhere. Seven charitable objects are embedded in the draft Articles of Association and are summarised in Figure 4.

Figure 4: One Aberdeen charitable objects

Charitable objects

1	Urban regeneration
2	Advancement of community development including, maintenance or improvement of physical, social and economic infrastructure, and by assisting people who are at a disadvantage because of their social and economic circumstances
3	Relief of poverty and unemployment
4	Provision and improvement of housing for those who are in the conditions of need, excluding any statutory duty of any local authorities or other bodies
5	Provision, maintenance and/or improvement of public amenities
6	Creation of training and employment opportunities by providing, or assisting with the provision of, workspace, buildings and/or land for use on favourable terms
7	Protection, conservation and/or improvement of the environment, including the remediation of environmental damage to facilitate the use of such remediated land or assets, ensuring that the public benefit overrides the private benefit conferred on the owner

Within this charitable framework, a workshop was hosted by Ernst & Young with the Council's project team members in April 2010 to develop the vision and objectives of One Aberdeen. The vision and objectives set out below were formulated through that workshop together with a list of activities that feed into the proposed early years' projects.

3.2 Vision

A vision can be defined as a clear description of the desired outcome, providing a clear direction for the works. The Vision for One Aberdeen is:

“One Aberdeen: Maximising the development opportunities of our place for the benefit of all of our people through sustainable investment”

3.3 Objectives

The objectives of One Aberdeen will give a clear focus to the vision statement and crystallise how the vision will be achieved. Furthermore, the objectives will provide the means to measure the success of One Aberdeen in achieving the vision. In providing the detail of the objectives, One Aberdeen also has the opportunity to echo the regeneration themes of the Council and the Scottish Government, and embed the charitable objects within the objectives and activities of One Aberdeen.

The Vision is underpinned by three objectives:

- ▶ **Our place:** facilitate development for the benefit of the local communities and City
- ▶ **Our people:** breaking the cycle of deprivation through the development of business and residential communities
- ▶ **Our investment:** provide an economic development role, coordinating and enabling sustainable investment.

3.4 Activities

Specific activities have been identified which will enable the objectives and ultimately the vision of One Aberdeen to be achieved. These are set out below.

3.4.1 Our Place

“Facilitate development for the benefit of the local communities and City”

- ▶ Develop masterplanning and design frameworks in line with best practice
- ▶ Maximise geographical benefits of the City
- ▶ Facilitate creation of high quality employment space
- ▶ Facilitate remediation of brownfield sites
- ▶ Address physical restraints to regeneration to unlock development sites
- ▶ Encourage appropriate development.

These activities contribute towards meeting all of the charitable objects.

3.4.2 Our People

“Breaking the cycle of deprivation through the development of business and residential communities”

- ▶ Attract and retain new business
- ▶ Create sustainable partnerships
- ▶ Engage with local stakeholders
- ▶ Retain existing local communities through provision of opportunities and facilities
- ▶ Attract new residents through the promotion of good quality of life
- ▶ Provision and improvement of diversified housing
- ▶ Attract specialist talents required to deliver the Vision.

These activities contribute towards the charitable objects of:

- ▶ *urban regeneration*
- ▶ *assisting people who are at a disadvantage because of their social and economic circumstances*
- ▶ *relief of poverty and unemployment*
- ▶ *provision and improvement of housing for those who are in the conditions of need*
- ▶ *creation of training and employment opportunities.*

3.4.3 Our Investment

“Provide an economic development role, coordinating and enabling sustainable investment”

- ▶ Creation of a sustainable development company
- ▶ Address market failure characteristics of investment
- ▶ Maximise the effectiveness of identified Aberdeen City Council’s assets
- ▶ Champion economic development
- ▶ Catalyse investment from partners.

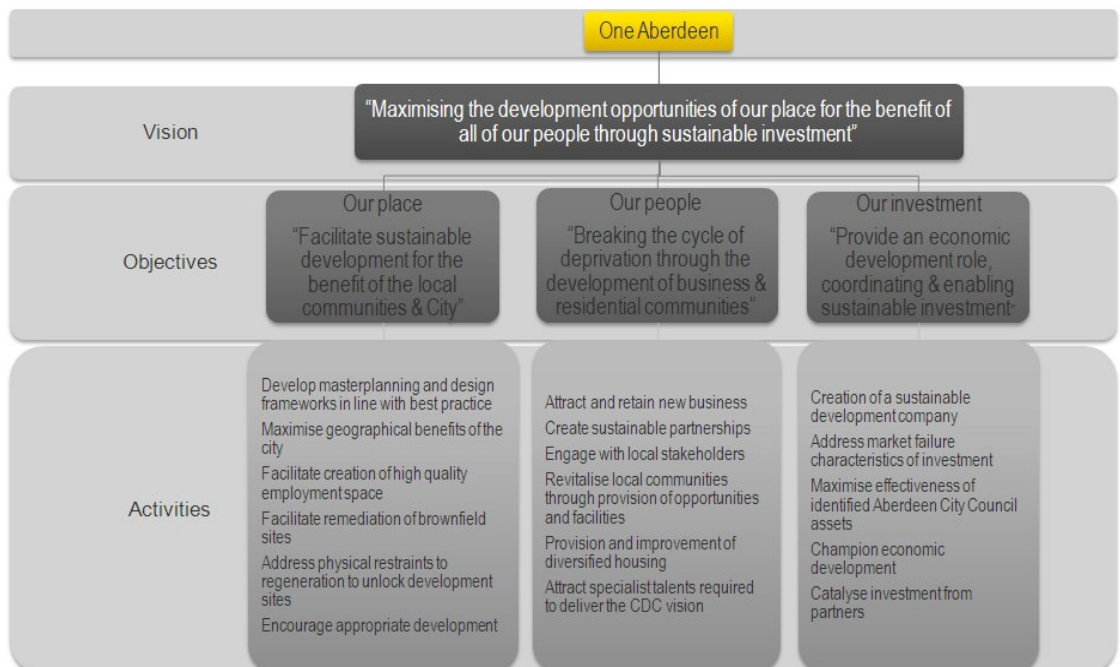
These activities contribute towards the charitable objects of:

- ▶ *urban regeneration*
- ▶ *advancement of community development including maintenance or improvement of physical, social and economic infrastructure*
- ▶ *provision and improvement of housing*
- ▶ *protection, conservation and/or improvement of the environment.*

3.5 Summary

The vision, objectives and activities are summarised in Figure 5.

Figure 5: One Aberdeen vision and objectives



4. Organisation structure and taxation

In June 2009, the Council’s Policy and Strategy Committee approved the establishment of One Aberdeen as the delivery vehicle to focus regeneration and economic development in the City. This section sets out the proposed organisation structure and highlights specific taxation issues to be considered.

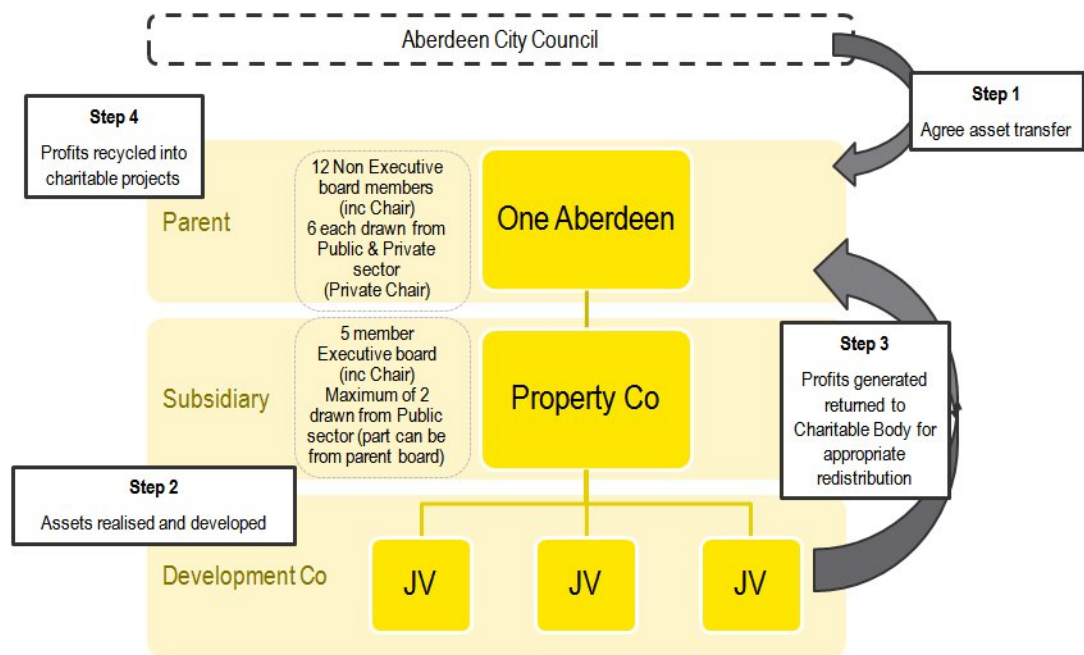
4.1 Structure

It is proposed that One Aberdeen will be a charitable company limited by guarantee. The life of the company could span between 10 and 15 years. This will be determined by the projects and opportunities that are available.

A wholly owned subsidiary will be established (“Property Company”) with the purpose of undertaking riskier and more commercial projects and activities which do not fall within the charitable purposes and objects of One Aberdeen. Any projects which do not meet the charitable objects as defined within the Articles will be conducted through the Property Company.

The delivery approach to each commercial development will be influenced by the nature of the investment and identified partner. This could involve development through a series of joint ventures or other forms of public-private partnership for example, via development agreements. The organisation structure is shown in Figure 6.

Figure 6: One Aberdeen organisation structure



4.2 Governance

One Aberdeen will be governed by a non executive board with up to a maximum of 12 directors. The composition of the board will be split between the public and private sector with 6 directors coming from each sector. On the public sector side, the maximum number of directors that can be appointed by the Council will be 4, with 1 further member appointed by Scottish Enterprise and 1 appointed by the Aberdeen Civic Forum. 6 directors will be invited to join from the private sector. The chair will be from the private sector appointees and will have the casting vote, meaning that there is private sector control at parent board level. The appointment process for board members is scheduled to reach its conclusion in July 2010.

The board of the Property Company will comprise five executive directors with a maximum of two drawn from the public sector.

The issue of board control is of particular interest to determining Stamp Duty Land Tax (SDLT) payable in relation to the transfer of assets from the Council to One Aberdeen. This is considered below in the SDLT section.

5. Asset option appraisal

(Omitted from this non-financial draft)

6. Project details

(Omitted from this non-financial draft)

7. Financial projections

(Omitted from this non-financial draft)

8. Managing risk

8.1 Introduction

Successful delivery of One Aberdeen's projects is reliant on the ability to proactively identify, control and mitigate corporate and project specific risks.

8.2 Risks

A risk register has been developed to consider the initial risks to One Aberdeen and plans to mitigate these risks. The register is included at Appendix H. The risk register, including mitigating factors, was discussed and agreed with the Council's project team in April 2010. Clearly once the board is in place this should be reviewed and updated to reflect the operating plan.

The risks were given a score based on the adverse impact that they could have on One Aberdeen and the development programme and also the likelihood of the risks occurring. Each risk was mapped onto a matrix as shown in Figure 26 with "Impact" and "Likelihood" making up the axis. The quantitative aspects of the risk matrix are explained in Figure 26 with both "Impact" and "Likelihood" scored on a 1-10 basis. The colour coding of the graph indicates low risk/likelihood as green, moderate risk/likelihood as amber and high risk/likelihood as red.

Figure 26: Risk matrix mapping

High to critical impact Unlikely to moderately likely	High to critical impact Moderately likely to likely	High to critical impact Likely to highly likely
High to medium impact Unlikely to moderately likely	High to medium impact Moderately likely to likely	High to medium impact Likely to highly likely
Medium to low impact Unlikely to moderately likely	Medium to low impact Moderately likely to likely	Medium to low impact Likely to highly likely

The risk map is included at appendix I.

Risks within the register were split under a series of broader headings.

- ▶ **Strategic:** risks associate to the set up of One Aberdeen, its organisational structure and its overall vision and objectives.
- ▶ **Statutory:** organisational and project specific risks that may require additional legal advice or cause legal obstacles.

- ▶ **Political:** risks surrounding the initial political support for One Aberdeen but also changes in political focus as a result of the upcoming or any future elections and subsequent impacts on funding.
- ▶ **Financial:** Risks focus around predicted cuts in public sector funding and further volatility in macroeconomic metrics. More locally focused financial risks are also considered, primarily focusing on the ability of the Council to provide financial support.
- ▶ **Operational:** Risks mostly concern the set up of One Aberdeen and the appropriateness of its business plan and structure.
- ▶ **Development issues:** Project specific risks that are common in development projects. Risks like the inability to secure a development partner in the first place or risks like unforeseen site costs.
- ▶ **Stakeholders:** Recognised as a critical category, risks concern the failure to identify stakeholders and the failure to manage stakeholder expectations.
- ▶ **External factors:** Low likelihood risks that would have wider implications.

Figure 77: Impact and likelihood range

Range	Impact	Likelihood
6.7 – 10	High to critical impact on the achievement of objectives and overall performance of One Aberdeen. Very high impact on cost and reputation. Very difficult to recover from and possible long term recovery.	Highly likely or likely to occur
3.4 - 6.6	Medium to high impact on One Aberdeen costs, timing and objectives. Impact on output, quality and reputation. Medium to long term recovery and may be expensive.	Moderately likely or likely to occur
1 - 3.3	Low to medium impact on One Aberdeen. Minor loss, delay or inconvenience. May be easily remedied and mitigation easily identified and able to action.	Unlikely or moderately likely to occur

8.3 Key risks and mitigating factors

The risk register at appendix H indicates a number of high impact / high likelihood risks that One Aberdeen may face. The risks and the factors that may mitigate them assemble around three main areas detailed in the table overleaf.

Figure 88: Key risks and mitigating factors

Key risk areas	Summary of risks	Mitigating factors
Stakeholders	A failure to initially identify and subsequently successfully manage stakeholders and stakeholder expectations leads to dissatisfaction and diminishing support for One Aberdeen.	Through a series of workshops involving the Council's project team and key Council personnel, all internal and external stakeholders are identified culminating in a detailed, timely plan of engagement and consultation with each level of stakeholder.
Financial	Changes in political focus due to predicted pressures on local and national government budgets leads to a failure to secure capital receipts and / or initial funding to enable One Aberdeen to operate.	The creation of a robust programme and dynamic team for One Aberdeen will provide the necessary flexibility to cope with the predicted changing political and economic landscape. Effective internal governance and again effective relationships with stakeholders will minimise this risk.
Commercial risks and development issues	Control failures lead to unsuitable development partners and / or unsuitable project conditions which render One Aberdeen objectives unobtainable.	The implementation of a rigorous monitoring and evaluation framework by a skilled team will ensure the selection of suitable development partners who are aligned with the vision and objectives of One Aberdeen.

One Aberdeen is set to be established at a time of significant economic and political change. The full impact of the recent recession is not completely known but a realistic assumption is that public sector budgets will be under considerable pressure in coming years. Furthermore, the marketplace for potential development partners has been restricted and may continue to falter. With an assumed lifecycle for One Aberdeen of at least 10 years, it is essential the programmes in place have the flexibility and robustness to cope with tightened budgets

As well as economic constraints One Aberdeen's formative years will see a UK wide election in 2010 and a Scottish election in 2011. Changes in political focus may lead to economic constraints on One Aberdeen as new initiatives take precedence.

The creation of flexible programmes by a well informed and adaptable team is essential to One Aberdeen's ability to navigate potential changes in the economic and political environment. This stretches to the governance of One Aberdeen.

The individual development projects embarked upon by One Aberdeen may encounter a number of unforeseen problems as is common with any development project. One Aberdeen will develop and implement an effective monitoring and evaluation framework. The framework will provide a robust, practical way of managing One Aberdeen's activities, and will specifically:

- ▶ Enable well-informed strategic decision making including the selection of appropriate development partners
- ▶ Facilitate robust project appraisal
- ▶ Enable effective measurement of progress
- ▶ Facilitate evaluation of the initiative against objectives and targets
- ▶ Provide a framework for learning lessons and feeding them back into future decision making.

One Aberdeen will be governed by a board drawn from the private and public sector. The composition of the board will be equally split between the sectors with six members coming from the public sector and six from the private sector. On the public sector side, four members will be chosen by the Council, one by Scottish Enterprise and one further by the Aberdeen Civic Forum. The private sector will hold the chair and will therefore hold the casting vote. Each board member brings a set of skills, knowledge and experience.

9. Stakeholders

Effective stakeholder engagement is essential to the success of any project and requires an understanding of the issues and concerns of the interested parties in order to implement stakeholder management and communication.

Recent high profile development projects in the North East of Scotland have highlighted the importance of identifying and communicating with all stakeholders. A failure to do so can lead to a single stakeholder group or multiple stakeholder groups becoming isolated which in turn can lead to a backlash and negative public reaction.

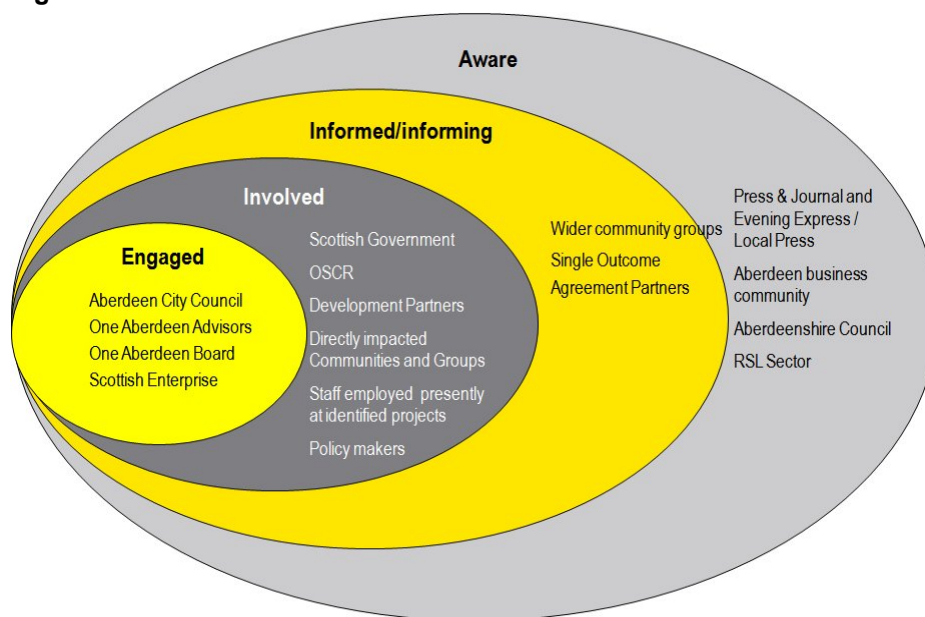
9.1 Stakeholder mapping

Stakeholders were identified by members of the Council's project team at the workshops in April 2010. Acknowledging that each stakeholder has a need for differing levels of engagement at this stage of the proposal, four levels of engagement were identified:-

- ▶ **Engaged:** Stakeholders that are engaged are integral to the operations of One Aberdeen. This group of stakeholders will work closely together in partnership to drive the objectives of One Aberdeen.
- ▶ **Involved:** Stakeholders that are involved are individuals and groups that will be directly impacted by One Aberdeen and its projects. This includes involving these individuals and groups in decision making processes.
- ▶ **Informed / informing:** This group of stakeholders needs to be informed of One Aberdeen's objectives and subsequent projects. The experiences and concerns of these stakeholders may be used to inform One Aberdeen's activities.
- ▶ **Aware:** This level of consultation will provide information on One Aberdeen's objectives and projects as they develop.

The diagram below summarises the stakeholders identified and the level of engagement required at this stage:

Figure 29: Stakeholder identification



The categorisation of stakeholders is explained in more detail overleaf:

9.1.1 Engaged

- ▶ Aberdeen City Council: The input of the Council officers and elected members is essential to the success of One Aberdeen.
- ▶ One Aberdeen Advisors: Professional and legal advisors have been instrumental in developing One Aberdeen's business plan and will continue to play an important role in establishing the vehicle.
- ▶ One Aberdeen Board: the board is to consist of six public sector members and six from the private sector with the private sector holding the chair. On the public sector side, four will be appointed by the Council, one by Scottish Enterprise and one from the Aberdeen Civic Forum. The board should set the tone for the organisation and drive its output. With board representation, Aberdeen Civic Forum and Scottish Enterprise will be engaged partners with One Aberdeen.
- ▶ Scottish Enterprise: Aside from board representation, the nature of One Aberdeen and its objectives is aligned with the role of Scottish Enterprise. A positive alliance based on timely communication and support is required.

9.1.2 Involved

- ▶ Scottish Government: Aligning One Aberdeen to Scottish Government objectives is a key consideration.
- ▶ Incorporating OSCR's themes and objectives was a key process in shaping One Aberdeen's vision and objectives.
- ▶ Potential Development Partners: Development partners will be critical to the success of the development projects. Fostering constructive and workable relationships with them will be a top priority for One Aberdeen.
- ▶ Directly impacted communities and groups: The success of One Aberdeen will be based on its ability to impact the communities and other groups within the geographical location of its development projects. Understanding their needs and expectations through effective communication and encouraging their input is a primary goal for One Aberdeen.
- ▶ Staff employed presently at identified projects: Communication with staff employed at surplus asset sites is important prior to the commencement of development. Open communication is likely to avoid negative reaction.
- ▶ Policy makers: One Aberdeen is set to be the first of its kind in Scotland. Working hand in hand with local and national policy makers is key in developing the vehicle and maximising its impact.

9.1.3 Informed / informing

- ▶ Wider community groups: A failure to consider the opinions of the wider community and halting to gauge public opinion has plagued a number of high profile developments in the North East of Scotland. One Aberdeen should be determined to ensure the wider community is not only informed of development projects but also given the opportunity to contribute to and ultimately get behind these projects.
- ▶ Single Outcome Agreement Partners: The second annual Single Outcome Agreement was published for 2009 and covered the work provided by Aberdeen City's community planning partners. The priorities and objectives of these organisations support the vision of One Aberdeen. The SOA contained the following: NESTRANS (North East of Scotland Transport Partnership), Grampian Police, Grampian Fire & Rescue Service,

9.1.4 Aware

- ▶ **Press & Journal / Local press:** A number of recent North East development projects have incurred negative criticism through the local press. Aberdeen's local press is central to the communication of the objectives of One Aberdeen to both the wider general public and business community. Building a positive image of One Aberdeen is essential.
- ▶ **Aberdeenshire Council:** Although One Aberdeen is targeted primarily at the City of Aberdeen; any development within the city will impact the wider North East region to some extent. An appreciation of the needs and desires of the Aberdeenshire Council is necessary.
- ▶ **Aberdeen business community:** Ensuring the wider business community is kept informed of One Aberdeen's objectives and developments is encouraged as partnership with other businesses will be essential in achieving the successful completion of projects. Furthermore, bringing business together will help in fostering a more positive image for One Aberdeen.
- ▶ **RSL Sector:** Specific development projects may involve collaboration with registered social landlords. Maintaining a presence within the business community and promoting the work of One Aberdeen should result in RSLs and similar potential project partners remaining aware of the vehicle.

9.2 Stakeholder consultation and engagement

Stakeholder needs should be fully understood as it is imperative to manage their communications and expectations. In order to remain effective, the communications plan must be updated regularly to reflect the changing lifecycle of the project and stakeholder issues. At April 2010 the consultation plan looks as illustrated in Figure 30. Many of the stakeholders identified in Figure 30 have been engaged to some extent in relation to One Aberdeen. Future planned activities have been added and the level of planned engagement would be expected to increase as One Aberdeen begins to form and progress.

Figure 30: Stakeholder consultation

Planned events

Completed

Ongoing communication and committee update May 2010
 Ongoing work with Advisors
 Board to be appointed May 2010

Workshops held April 2010
 Advisors have been appointed
 Board selection process identified.

Key personnel with Scottish Government recognised – meetings to take place.
 Application to OSCR to be made.
 More recent soft marketing to take place with potential development partners.
 Consultation with existing staff to take place.

Aberdeen City Council
 One Aberdeen Advisors
 One Aberdeen Board

Scottish Government
 OSCR
 Development Partners
 Directly impacted Communities and Groups
 Staff employed presently at identified projects
 Policy makers

OSCR visit conducted in July 2009
 Soft market testing has been carried out previously on potential development partners.

Further consultation with Single Outcome Policy stakeholders

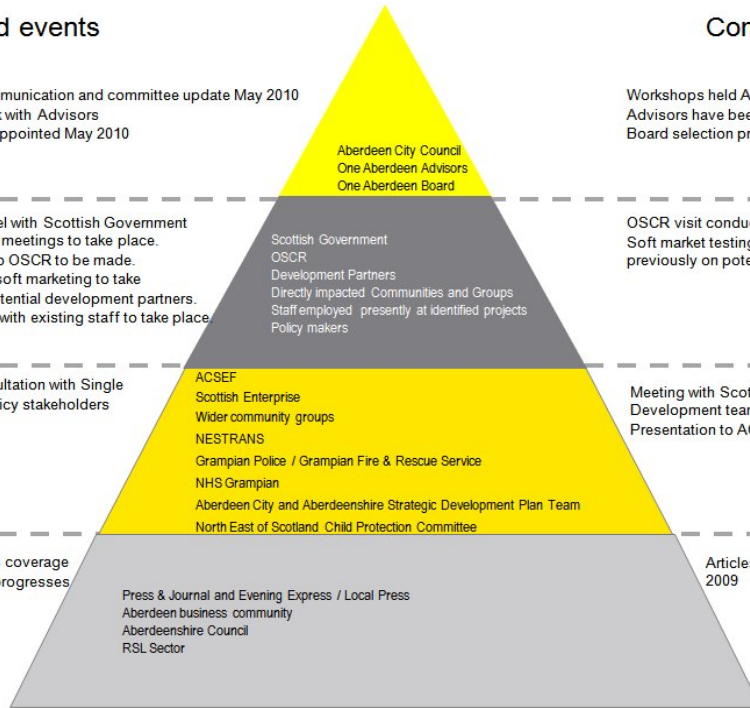
ACSEF
 Scottish Enterprise
 Wider community groups
 NESTRANS
 Grampian Police / Grampian Fire & Rescue Service
 NHS Grampian
 Aberdeen City and Aberdeenshire Strategic Development Plan Team
 North East of Scotland Child Protection Committee

Meeting with Scottish Enterprise Development team in Nov2009
 Presentation to ACSEF in Nov 2009

Further press coverage as the CDC progresses

Press & Journal and Evening Express / Local Press
 Aberdeen business community
 Aberdeenshire Council
 RSL Sector

Articles within Press & Journal 2009



10. Monitoring and evaluation

The monitoring and evaluation framework will also enable an effective and timely evaluation of One Aberdeen's performance against its established objectives.

One Aberdeen will focus monitoring and measurement on targets for which it can be held directly accountable, however the wider results of the programmes interventions will be monitored and reported annually for most indicators or at least three yearly for the remaining.

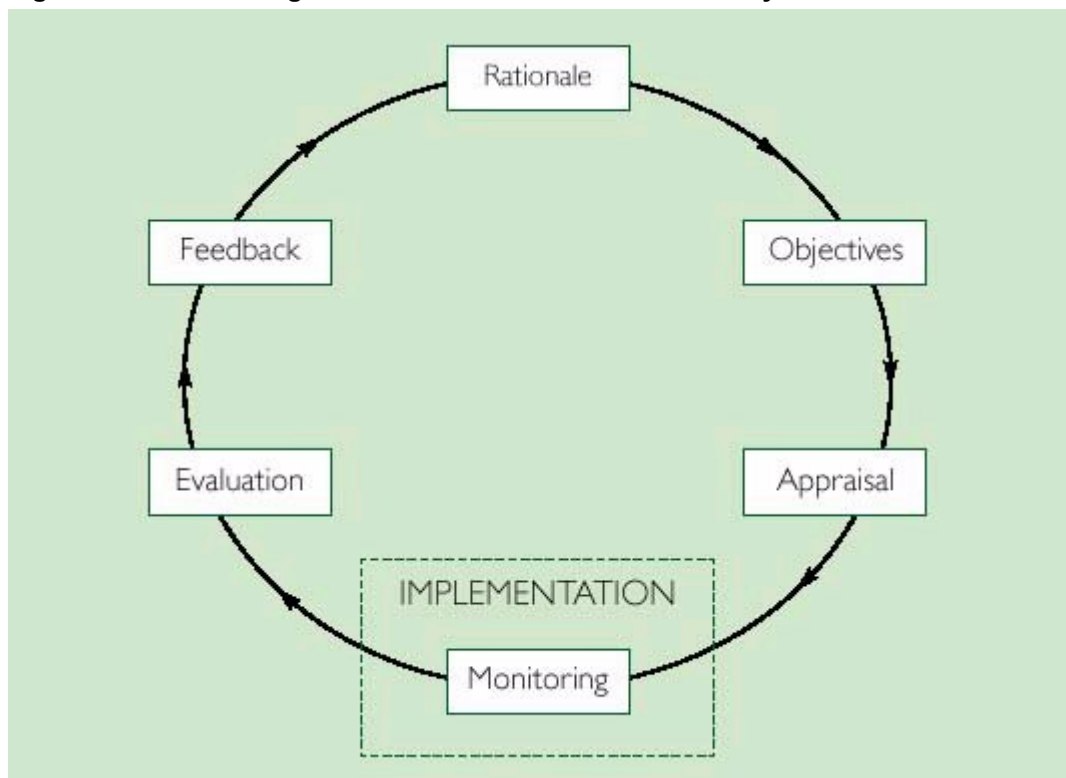
10.1 Monitoring framework

The framework will provide a robust, practical way of managing One Aberdeen's activity, and will specifically:

- ▶ Enable well-informed strategic decision-making;
- ▶ Facilitate robust project appraisal;
- ▶ Enable effective measurement of progress;
- ▶ Facilitate evaluation of the initiative against objectives and targets; and
- ▶ Provide a framework for learning lessons and feeding them back into future decision making.

The principles of the monitoring and evaluation framework for One Aberdeen will be based on those of the ROAMEF cycle:

Figure 319: Monitoring framework based on the ROAMEF cycle



Source: *The Green Book: Appraisal Evaluation in Central Government*, HM Treasury, 2003

Consequent outcomes/impacts will be established through a rolling programme of evaluation as implementation of each of the Tranche 1 projects proceeds. These evaluations will draw conclusions against the changes in baseline indicators and therefore the change in the economic performance of the area. The main part of the performance management system is project-level data on targets and actuals.

10.1.1 Outputs

Outputs are the gross results that flow directly from One Aberdeen’s activities: for example, new housing, job creation, commercial floor space completed and a reduced level of derelict land. Outputs are important interim measures which help to determine whether an intervention is doing what it sets out to do.

The key outputs for Tranche 1 are noted below and are derived from the project level information contained in section six.

Figure 3210: Tranche 1 outputs monitoring

Measurement	Target	Frequency of reporting
New affordable housing	[insert]	Annual by project
New private housing	[insert]	Annual by project
New office / industrial space	[insert]	Annual by project
New retail space	[insert]	Annual by project
New hotel bed spaces	[insert]	Annual by project
Increased GVA contribution	[insert]	Annual by project
New jobs created	[insert]	Annual by project
Local construction jobs secured	[insert]	Annual by project

10.1.2 Outcomes

Outcomes or net impact, which is the ultimate goal of One Aberdeen, can only be determined by ex post evaluation which will take place within a monitoring and evaluation framework. Outcomes are an indirect result of the One Aberdeen’s work in the City. Examples include increased education attainment, lower rate of benefit claimants and reduced crime. Trends for these types of measurements occur over a longer time period than the output measures.

A draft monitoring framework for outcomes is presented overleaf. Its purpose is to guide the ongoing collection of information and monitoring of One Aberdeen performance. The elements of the framework have been developed in accordance with best-practice guidance.

One Aberdeen outcomes monitoring

Figure 3311: Outcome monitoring

Data / indicator	Source	Frequency	Purpose
People			
Crime statistics/perceptions	Community Safety Partnership / local constabulary	Annual	trends in actual crime and fear of crime proxy for attractiveness / vitality of Aberdeen
Claimant count unemployment rate	National Statistics	Annual	proxy for performance on employment
Population estimates and projections	General Registrar of Scotland	Annual	assessment of trends in population
Place			
Total floor space by type and unit size	Property specialists	Annual	scale and supply of available floorspace
Commercial rental values (average values and values by street/ area)	Property specialists	Annual	demand for and attractiveness of, commercial space in Aberdeen
New leases signed and enquiry levels	Property specialists	Annual	indicator of demand/ attractiveness of the Aberdeen to businesses
Yield on commercial properties	Property specialists	Annual	indicator of the attractiveness of Aberdeen to investors
Publicity generated (e.g. local, regional, national, international)	Visit Scotland / Council / One Aberdeen	Annual	proxy evidence of successful marketing, trends in image / perception of Aberdeen
Tourism trends and survey work	Visit Scotland	At least every three years	trend in visitor numbers / types / purposes visitor needs from and satisfaction with the City
City centre accessibility	Council / Access Panel /	Annual	levels and trends in town centre car parking trends in public transport usage
Investment			
VAT registrations and stocks per 1,000 population	National Statistics	Annual	Proxy measure for business vitality / confidence
Earnings	Annual Survey of Household Earnings	Annual	income in catchment area use with house price data as proxy for disposable income in Aberdeen
Average house prices	HBOS Scottish House Price Index	Annual	proxy for desirability of area as a place to live and invest

Appendix H Risk register

One Aberdeen risk register

Category	No.	Risk	Description	Potential impact	Total risk			Potential Mitigation	Work undertaken to date
					Impact	Likelihood	Risk Score		
Political	1	Political Focus	Change in political focus as a result of UK or Holyrood election.	Objectives are not in line with political aspirations resulting in lack of support or funding.	5	8	40		
Financial	2	Impact of Council efficiency savings		Uncertainty of funding	8	9	72	Appropriate stakeholder engagement and project management	
Financial	3	Failure to secure capital receipts to fund vehicle	Failure to sell the assets identified to fund the vehicle	Uncertainty of funding	9	5	45		
Financial	4	Macroeconomic changes	eg asset valuation, property values, RPI, interest rates	Changes to development programme eg priority, timing, number of projects	5	8	40	Develop a flexible programme that will be reviewed Consider alternative programmes through scenario analysis	
Development issues	5	Can't attract developers or JV partners to deliver the vision within constraints		No projects are completed	10	4	40	Appropriate procurement and contract	
Development issues	6	No demand for development		Failure to attract occupants	8	6	48	soft market testing	
Development issues	7	Unknown site conditions	eg decontamination	Increased costs and delays	7	6	42	Site investigations	
Development issues	8	Failure to identify and monitor dependencies		Impact on the programme, cost and time	9	4	36	Understand project dependencies, review monitor programme	
Stakeholders	9	Failure to manage stakeholder expectations		Lose credibility May provoke dissatisfaction	7	4	28	Effective stakeholders engagement and communication plan	
Strategic	10	Set Up	Set up is delayed.	Delay in commencing development projects leads to delay in outputs. Financial costs are incurred due to delay in development projects or addressing reasons for delay.	4	5	20	Strong project management to maintain momentum. Appropriate stakeholder engagement to identify potential delays in order to implement mitigation plans.	One Aberdeen project manager appointed. Stakeholder engagement commenced.
Statutory	11	Planning permission	Planning permission is not granted to undertake proposed development projects.	Development plans require amendments leading to delay in outputs and increase in costs.	6	4	24	Liaison with planning authority. Proposed developments align with appropriate planning brief.	Discussions undertaken with Council Planning Team.
Statutory	12	Legal incorporation	Proposed legal documentation required for incorporation is not approved by Council or One Aberdeen Board.	Delays to legal incorporation leads to delay in development project and outputs. Legal documentation is not approved and One Aberdeen cannot be set up.	9	3	27	Appointment of legal advisers. Appropriate stakeholder consultation with Council and One Aberdeen Board undertaken in a timely manner.	Legal advisers appointed.
Statutory	13	Legislation	Change in legislation impacts on activities of One Aberdeen.	Objectives cannot be met due to legal constraints. New opportunities presented require update of objectives.	5	4	20	Review of relevant legal framework.	
Political	14	Asset Transfer	Scottish Ministerial approval for asset transfer is not gained.	Proposed development project delivery mechanism is not feasible, resulting in lack of development or change in intervention type.	4	4	16	Consultation with Scottish Government prior to transfer application. Legal appraisal of transfer proposals. Financial value for money evaluation in line with guidance.	New guidance on best consideration issued April 10.
Political	15	Council Support	Elected members do not support the vehicle	One Aberdeen is not set up leading to lack of development and outputs.	9	2	18	Appropriate stakeholder engagement and project management	Committee approval obtained June 09. Regular updates provided during preparation of business plan.

One Aberdeen risk register

Category	No.	Risk	Description	Potential impact	Total risk			Potential Mitigation	Work undertaken to date
					Impact	Likelihood	Risk Score		
Financial	16	Development costs not as forecast	eg RPI, cost overruns	Changes to development programme eg priority, timing, number of projects	5	5	25	Develop a flexible programme that will be reviewed Sensitivities analysis Appropriate development contract	
Operational	17	Failure to secure premises for One Aberdeen		Operational deficiency	9	1	9	Early consultation with Council	
Development issues	18	Development doesn't meet objectives		Lack of credibility	6	4	24	Appropriate contract and project management	
Development issues	19	Time delays in development		Increased costs delayed outputs	6	6	36	Appropriate contract and project management	
Development issues	20	Cost overruns in development		Increased costs	6	6	36	Appropriate contract and project management	
Development issues	21	Design doesn't meet requirements		Development not fit for purpose	8	3	24	Appropriate procurement and contract	
Development issues	22	Controls are less than acceptable level		Lack of control Objectives may not be met	8	3	24	Appropriate procurement and contract	
Stakeholders	23	Failure to identify stakeholders		Lose credibility May provoke dissatisfaction	9	3	27	Identify stakeholders	
Strategic	24	Vision and objectives	Proposed vision and objectives not adopted by One Aberdeen Board.	Business plan is based on development projects to achieve the vision. Change in vision or objectives result in requirement to change the business plan.	2	2	4	Internal stakeholder consultation.	Cross service line workshop 16th April approval of vision and objectives.
Strategic	25	Vision and objectives	Approved vision and objectives are not met by the vehicle through development projects or charitable activities.	Credibility with stakeholders damaged leading to lack of support for future projects (eg funding, engagement or private sector investment). Loss of charity accreditation with OSCR.	6	2	12	Regular review of activities against objectives.	
Strategic	26	One Aberdeen Board	Failure to attract appropriate personnel.	Insufficient skills and experience leads to lack of One Aberdeen focus. One Aberdeen exposed to financial or operational risk as a result of poor decision making. One Aberdeen potential is not maximised.	2	3	6	Preparation of Board profile to meet requirement of mixed skills and experience. Appropriate recruitment process to attract high calibre applicants.	Board appointment process documented.
Strategic	27	OSCR Accreditation	OSCR do not approve application for charity registration.	One Aberdeen is not set up as a charity resulting in requirement to change business plan and structure.	2	1	2	Appointment of legal advisers. OSCR engagement throughout vehicle evolution.	Legal advisers appointed. Initial engagement with OSCR undertaken.
Financial	28	Operating costs not as forecast		Changes to development programme eg priority, timing, number of projects	5	3	15	Regular review and management	
Operational	29	Unclear business plan	Business plan developed together with Financial advisors	Lack of direction no measurements of success	3	2	6	Appropriate advice on business plan development	
Operational	30	Failure to attract appropriate staff	Appropriate skills, experience and knowledge	Lack of direction, lose credibility, unable to maximise potential	4	3	12	Appropriate recruitment policies	
Operational	31	Failure to set up appropriate consultancy framework	To procure appropriate legal, technical and financial advisors	Inadequate support, inefficient procurement and pricing	4	2	8	Seek advice on appropriate framework	
Development issues	32	Development fails to meet output targets		Lack of credibility	4	3	12	Appropriate contract and project management	
External	33	natural disasters		variable	6	1	6		
External	34	terrorist attacks		variable	6	1	6		

Appendix I Mapping the risks

