

**URGENT BUSINESS COMMITTEE  
30 JUNE 2020**

**FINANCIAL RESILIENCE RECOVERY PLAN - RES/20/101**

9. With reference to article 5 of the minute of its previous meeting, the Committee had before it a report by the Director of Resources which provided a proposed recovery plan to the current financial challenges the Council faced in maintaining a balanced budget position for the financial year 2020/21 and the actions required to achieve that position.

**The report recommended:-**

that Committee –

- (a) note the updated financial position contained within the report;
- (b) note the requirement of the Council to make arrangements for the proper administration of its financial affairs, including the maintenance of a balanced budget;
- (c) agree that using uncommitted usable General Fund reserves was not an appropriate solution to the immediate costs highlighted in the report, and that the Council must maintain its uncommitted reserves to meet future costs that are unknown, the likes of which have been highlighted by the World Health Organisations, detailed in Appendix 9;
- (d) agree that Capital Receipts receivable continue to be set aside to fund Voluntary Severance / Early Retirement costs in line with the permissions granted by Scottish Government that end on 31 March 2021;
- (e) agree that the initial estimate for the impact of the Covid-19 pandemic on the Council's capital financing requirement offers no opportunity to borrow for revenue purposes, even where permission has been granted by the Scottish Government;
- (f) agree, in light of the removal of the statutory obligation to deliver 1,140 hours of early learning and childcare from August 2020, the Council takes steps to offset Covid-19 related costs to the value of £8m to support children and families by using the flexibility in the ELC Expansion specific grant funding;
- (g) having regard to the equality and human rights impact assessments, incorporating the Fairer Scotland Duty, as set out in background papers, approve the revised commissioning intentions and service standards as described in Appendix 6, the related proposals at Appendix 7 and the revision to fees and charges set out in Appendix 8, to address the financial outturn position for 2020/21 and maintain a balanced budget, as summarised in paragraph 3.53;
- (h) agree to the balance (£6.6m) of uncommitted ELC Expansion specific grant being held as a contingency against further Covid-19 related costs the Council is financially exposed to during the remainder of the financial year, and that the use of this contingency is delegated to the Chief Officer – Finance, following consultation with the Chief Executive and Convener of City Growth and Resources Committee;
- (i) agree that in the event of future costs exceeding £6.6m and no further funding being receivable by the Council to cover those costs then instruct the Chief

- Officer – Finance to report the situation to the City Growth & Resources Committee or an Urgent Business Committee if required;
- (j) note the current position of the IJB and instructs the Chief Officer - Finance to report the details of the IJB recovery plan to the City Growth & Resources Committee on 28 October 2020;
  - (k) note the financial risk at Section 6 and acknowledges that the decision on 20 March 2020 to defer and limit collection and recovery action by the Council for Council debts cannot continue indefinitely, and agrees to recommence collection and recovery processes for all debts, with effect from 1 July 2020, and to continue to consider situations of hardship on a case by case basis;
  - (l) agree, in light of the financial situations presented by the Covid-19 pandemic described in the report, that in line with terms and conditions, the Council will not make any refunds for services altered as a result of its response to the pandemic;
  - (m) note the initial financial impact assessment on the General Fund Capital Programme for financial years 2020/21 to 2024/25, as set out in paragraph 3.115 and agrees to receive the reprofiled capital programmes as part of the Quarter 2 financial reporting;
  - (n) agree that the next scheduled report on financial performance will be the Quarter 2 report to City Growth & Resources Committee on 28 October 2020, with an earlier meeting of the Committee being requested by the Chief Officer – Finance, to present an interim report, if the circumstances require it;
  - (o) note the forecast outturn for the 2020/21 Housing Revenue Account as set out in Appendix 10; and
  - (p) note the forecast outturn for the 2020/21 Common Good as set out in Appendix 11.

The Convener moved, seconded by Councillor Boulton:-

That the Committee:-

- (i) approve recommendations (a) to (n) as set out above;
- (ii) note the initial forecast outturn for the 2020/21 Housing Revenue Account as set out in Appendix 10;
- (iii) note the initial forecast outturn for the 2020/21 Common Good as set out in Appendix 11;
- (iv) note that each local authority has been asked to administer a number of “grants” on behalf of the Scottish Government. Agrees the UK government has passported funds to the Scottish Government who have in turn provided the funding to support the actual payments to businesses and newly self-employed individuals, noting with disappointment however, no additional funding has been provided to cover the cost of administering them. Noting there has, however, been a cost to the Council as a range of staff have been diverted from their normal roles to support the payment processes;
- (v) agree statistics from SPICe have revealed that, since 2013-2014, the SNP Scottish Government has cut the local government revenue budget at more than twice the rate that the Scottish Government’s own budget was cut in real terms;
- (vi) note that research from the BBC shared data unit, that Covid-19 has left Aberdeen City Council as the second most disadvantaged Council in Scotland with a financial shortfall equivalent to £359 per resident;

- (vii) agree to remove the Director of Commissioning post from this year's budget only, thus saving £79,000 whilst remaining committed to the Target Operating Model and maintaining the existing interim arrangements for the remainder of the year;
- (viii) agree that through the surplus noted at paragraph 3.53 of the report and the saving achieved from (vii) above, £141,000 is set aside to support implementation of the actions within the Socio-Economic Rescue Plan; and
- (ix) agree in light of recommendation (j) above there is a requirement for substantial extra investment by the Scottish Government in social care as a matter of urgency. Notes Bon Accord Care's successes are being undermined by lack of Scottish Government grant and calls upon the Scottish Government to properly finance social care in order that Council can invest in their workforce whilst targeting levels of current unmet need; and agrees this recommendation be referred to the Integration Joint Board for them to consider further action.

Councillor Yuill moved as an amendment, seconded by Councillor Alex Nicoll:-

That the Committee:-

- (i) thank Council staff, key workers and others for the work they have been doing during the pandemic;
- (ii) recognise that responding to the pandemic has and will put significant additional financial pressure on the Council;
- (iii) believe that in these exceptional circumstances the cost to the Council of the pandemic response should be fully funded by government;
- (iv) welcome the action being taken by the Finance Secretary in seeking permission from the UK Government to borrow up to £500 million to help meet the costs of the pandemic response;
- (v) agree to contact the Scottish Government seeking the funding necessary to meet the financial shortfall of £9.536 million in 2020/21 identified in this report;
- (vi) believe that, in this instance, decisions of the scale sought in the recommendations in this report should be made by the full Council and not an Urgent Business Committee comprising only five members; and
- (vii) therefore agree to remit this report to a special meeting of the Council to be held no later than 14th July 2020.

On a division, there voted:- for the motion (3) – the Convener; the Vice Convener; and Councillor Boulton; for the amendment (2) – Councillors Alex Nicoll and Yuill.

**The Committee resolved:-**

- (i) to thank all staff for their efforts as a result of COVID-19, and for the work undertaken to present the options before Committee for consideration; and
- (ii) to adopt the motion.