Aberdeen City Council

Priority Based Budgeting
~~PBB Options – LT6&7, LT14, LT18~~
NEW 7
Draft Options for discussion
28th January 2011

2. Background

2.1 Demographic changes and a challenging public sector financial settlement require Aberdeen City Council to make better use of resources across the council, and the health and social care sector. We need to realign and transform the use of existing resources to enable shifts in the balance of care. This is a strategic objective of the Scottish Government, NHS and Local Authorities and focuses on 3 key areas

1. Shifting the **focus of care** onto prevention and reablement

2. Shifting **who delivers care** to make better use of general and specialist expertise, and importantly makes service users full partners in improving their health and wellbeing and managing their conditions

3. Shifting the **location of care** from hospital/institutional based care to the community in peoples own homes

Aberdeen City Council cannot deliver the strategy on its own. We are working closely with our service users, carers' and all of our private and public sector partners because it will be up to all of us, working together, to ensure we have robust plans to deal with the inevitable reduction in funding coming into the council from central government.

Recognising our local context is critical in defining our priorities and measuring improvements. Workforce issues, in particular the low unemployment in the city, the need to improve health and social care outcomes and the increasing cost of institutionalised care means that current patterns of care delivery are not sustainable.

Our older people and rehabilitation service is playing its part in meeting the challenges faced across all sectors delivering social care and wellbeing services.

Seven of the PBB options which sit with older people and rehabilitation services amounting to a budget reduction of £2.5 million over the 5 year period of the budget are discussed in this report. None of these can be implemented without impacting negatively on the effectiveness or efficiency of other parts of the service. Implementation of these seven options risk the delivery of poorer outcomes for service users and their carers, significant staff redundancies and increasing risks to the future budget position through the pressure of market forces at the same time as the destabilisation of the social care market in Aberdeen.

There is an alternative proposal to achieve the required savings without the need to outsource, reprovision or close in-house services. The implementation of an electronic monitoring system, would remove the above risks and achieve the accumulative savings required of these options.

The Council vision to be a "vibrant, dynamic and aspirational City", and some of its key priorities will be supported by the proposals within this business case. They are;

• Provide for the needs of the most vulnerable people

• Ensure a sustainable economic future for the city

- Ensure efficient and effective delivery of services by the council and with its partners

6.1 **Option 1 - <u>This would be our recommended option</u>**

To ensure an Older Peoples and Rehabilitation Service that is fit for purpose and fit for the future;

1) Support the ongoing developments and improvements which are changing the balance of care in partnership with our partners in the Council, health and the private and voluntary sector along with

2) Further research and development leading to the setting up of a Local Authority Trading Company which would initially comprise all the current in-house older peoples resources but could encompass all adult services at a later time.

1) Description

- Continue to improve the ongoing developments of the integrated care at home service and address best value issues across all sectors.

- Further develop the intermediate care and reablement programme, and retain these priorities in the context of the need to change the balance of care from reliance on care homes to more people being cared for in their own homes, fewer hospital admissions and timely hospital discharge

- Continue the ongoing review of Sheltered Housing, due to report to Council in May 2011 which is likely to identify rationalisation, service improvements and cost reduction for the Council

- Progress and implement the commissioning, supply, maintenance and support of an electronic monitoring system. Significant savings projected by implementation through improved accuracy of invoicing and payment methods.

- Build on the successes of recent developments in social work and sheltered housing

- Continue improvements as evidenced in feedback from service users, recent Care Commission inspections and as published in Scottish Government research.

- Improve the way in which services are commissioned and delivered by transferring all in-house services to a Local Authority Trading Company to achieve best value.

    Objectives:

- Improved customer experience and minimise harmful/unnecessary change

- Increase capacity to meet demographic changes

- Efficient and effective processes and procedures

- Maximise flexible and responsive services with support for carers

- Implement Electronic Monitoring of Homecare to provide better value for money, based on the estimate of at least 5%fficiency savings as achieved by other Local Authorities on home care spend

- Improved business relations with partners

- Improved care worker continuity

- A move away from outputs toward outcomes and reablement

- Market Management

- Appropriate respite provision to support carers by continuing to provide day care services for those most in need and those with dementia and developing options for social inclusion

- Continue provision of services for those for whom in-house services are the provider of last resort

- Progress the personalisation agenda and develop individualised budgets and increase their uptake

   Key Benefits:

An Older People and Rehabilitation Service that is fit for purpose and fit for the future

- Promote independence and reduces service inputs

- Support rights to dignity, privacy and choice

- Support informal carers in their vital caring role

- Fewer people moving to care homes

- Create additional capacity to meet demographic changes

- Continue to meet delayed discharge targets of over 6 weeks and improve the under 6 week performance

- A number of benefits can be identified from the introduction of electronic methods of recording, monitoring and managing the delivery of homecare to service users
   .

2) Description:

Manage all current in-house resources for older people through a Local Authority Trading Company. The Council would create its own trading company that would operate as a commercial enterprise. Any profits would either be returned to the Council

or invested back into the company to improve services, depending on the terms of the arrangement.

This type of enterprise would enable the Council to retain its ability to respond to demographic changes and the personalisation agenda that will give more service users direct control over how they receive their services .,

Benefits:

- A trading company option gives the Council flexibility whilst keeping the local authority 'brand' that service users value and trust. The council would be a commissioner of this service , as for any other independent provider.

- This type of service would offer a more flexible, and cost effective service than is currently possible from within the local authority.

- Negate redundancies and associated high costs by transferring all staff from older peoples' in-house services. (Human resources, staff development and even legal liability would also be taken over from the council for these services)

- Better at adapting to a fast-changing care marketplace, which personalisation will create

- A trading company could reshape their services and business very quickly which could protect jobs and services

- React to personalisation agenda to enable provider services to compete

- The company could in time bid to run provider services for other local authorities and even health care partnerships

- Staff will feel more secure and management will be better able to manage expectations of the trade unions

- An arm's length trading company is likely to have a fixed term contract but after that it would have to bid against independent sector providers for the business

What will be the impact of what we are proposing?

For our citizens

- Outcomes-focused services and support to achieve their aspirations, goals and priorities – in contrast to services whose content and/or forms of delivery are standardised or are determined solely by those who deliver them.

- Focus on delivering high quality responses that put service users at the heart of our work.

- Ease of access to the right person, in the right place, at the right time, doing the right things.

- Best value will be achieved.

For our partners

- Partners will have the opportunity to input to the redesign and delivery of services.

- Partnership working is necessary to achieving service user and carer outcomes as no one agency can deliver outcomes in isolation.

- Implementation will be completed in the first 3 year period of the plan.

- The face of public service will change and we will work together more effectively to deliver public services to the people of Aberdeen.

For our staff

- Staff will have a real opportunity to get involved and engage with the development and subsequent revision of the services business plan.

- The redesign of services will bring many opportunities for new ways of working.

- New ways of delivering services will result from improved and closer working with partners in the public, private and voluntary sectors

- The prioritisation of the services the council will deliver will create a more effective fit between staffing resource in terms of skills and numbers.

- Minimal redundancies – significant savings for the council.

_____

Option 2

Implement the current Priority Based Budget Options

Outsourcing of care at home service – LT18

Background
In 2008 through implementing the Adults Transformation Strategy, the Care at home service and the sheltered housing warden service were fully integrated. This achieved many service improvements and significant savings for the Council by removing duplication in leadership/management tasks and reducing inefficiencies in delivering housing support and personal care.

To outsource care at home would impact on the efficient and effective support and care services in sheltered housing and would require separating the current dual functioning management and leadership of this fully integrated service. This option would require the housing and environment service to run a European tendering exercise for the housing support service (formerly the Warden Service). Only when this was completed and in place could we consider outsourcing the home care arm of the service.

This integrated service currently provides care at home out with sheltered housing to some 153 service users living in the community, providing rehabilitation and reablement for people following hospital discharge. Many of these service users are people with

high levels of need (needing two carers 4/5 times daily) and/or are "complex cases" in that most private providers will no longer provide care for them.

Outsourcing would necessarily include the Out of Hours home care service which is fully integrated with the mobile warden service providing safety checks to 45 complexes and responds to emergencies and crisis to some 2200 tenants in sheltered housing complexes and 124 vulnerable community alarm/telecare service users from 6.00pm – 8.00am. Efficiencies of cost and speed of response is enhanced by the services being integrated.

Objectives:

Reduce costs

Benefits:

A small saving initially but this must be offset by significant redundancy costs

Risks:

- Loss of an early response to crisis or illness

- The number of service users admitted to hospital increasing and the number of service users returning home quickly from hospital reducing (Delayed Discharge targets negatively impacted upon)

- Increased number of people moving to care homes

- Dilution of the service to tenants in sheltered housing

- Separation of the services would result in rising costs to leadership, management and backroom support

- Very poor weather in recent weeks has taught us the value of our in-house service; where private providers were unable to meet all their commitments, the in-house service had to respond on an emergency basis. This "back-up" would not be available if we outsourced these services

- As the Council has a duty to care for the service users no other providers will accept as clients, the in-house service has become the "provider of last resort" and it is difficult to envisage
    - finding providers willing/able to meet these needs or
    - the cost to commission services may be higher than the current rates thus mitigating against savings

- Private providers may require an increase in rates to work during the late evenings and overnight

- There is the ongoing review of sheltered housing which is looking at all aspects of the stock, asset management, charging, needs led demand and service delivery. This option must be linked to this ongoing review which is due to report in May 2011 and implementation may negatively impact on the anticipated outcomes of this, which will include savings above those identified by this process.
- Significant interdependencies with Housing

- Difficulty in achieving the added value to service users of the current arrangements in sheltered housing

- Significant time required for implementation. Would require European tendering and may destabilise the entire home care provider market in Aberdeen

Reprovision in-house Day Care Centres' at Kingswood Court and Craigton Road - LT6&7

Description:

Cease providing day care and offer one hour of externally purchased home care as a replacement for the service users of Craigton Road and replacing the day service with 4 half hours of externally purchased home care for the service users attending Kingswood Court specialist dementia day centre.

These are the two remaining day centres for older people following the closure over recent years of eleven other day centres. They provide 325 places per week of a vital respite service for the carers of 95% of service users, most of whom have moderate to severe dementia. A panel decides on placements and only those who meet high to critical need are allocated places. Currently carers receive in the region of 7 hours respite by the attendance of their loved ones at these day centres and this enables them to have a much deserved break from their vital caring role. The savings proposed are based on alternative provision of 1 to 2 hours of home care. For service users an opportunity for social activities and a reduction in social isolation.

Objective:

Cost reduction by reprovisioning day services for older people

Benefits:

Potential cost reduction for the council

Risks:

- The needs of carers will not be met by the alternative level of care proposed. The small amount of home care time allocated will not allow them to leave their homes for even a short break

- Carer breakdown and breakdown in care arrangements is more likely

- Increased admissions to nursing homes for those with a dementia

Closure of Balnagask House and Fergus House, care homes for older people - LT14

Description:

Balnagask House is a 30 bedded residential care home for older people in Torry. All rooms are single and ensuite.

Fergus House is a 43 bedded care for older people in Dyce. This home was built and opened 5 years ago, and provides all single ensuite rooms with the capacity to adapt to provide 4 double rooms.

Both homes meet Care Commission environmental standards.

Aberdeen City Council has reduced from 11 residential care homes for older people. The private and voluntary sector have reduced their residential care home provision. This means we rely heavily on the private nursing homes for long term care placements.

Objective:

Cost reduction

Benefits:

Potential cost reduction for the council

Risks:

- Residents will have to move to other care homes. Some have moved twice already in recent years due to other closures

- Inability to place some residents in alternative care homes

- Most residents will have to move to nursing homes as they have higher levels of need than will be met in most residential homes

- Residents may have to move to homes where they will need to share rooms with no ensuite facilities

- ACC will no longer have provision to be the "provider of last resort"

Older People & Rehabilitation Services										
Options Projection	Year 1		Year 2		Year 3		Year 4		Year 5	Saving after 5 years
	£000's		£000's		£000's		£000's		£000's	£000's
*LT 6 & 7	-177		310		310		310		310	
LT 8, 27 & 28	-110		624		624		624		624	
**LT 14	-1,787		88		173		173		173	
Capital Loan Costs	-274		-274		0		0		0	
***LT 18	-110		-4893		1466		1466		1466	
Totals										
	-2458		-4145		2573		2573		2573	1116

*LT 6&7 - requires us to factor in additional nursing home places for carer breakdown once respite is removed.

**LT14 - assumes 25% nursing home places and 75% residential places. Assessment informs us that 75% would require nursing homes and we may have difficulty in finding 25% residential places.
Capital Loan costs ceased after year 2 assuming we sell buildings or land.

***LT 18 - does not factor in number of 15 minute calls provided by in-house which would need to be purchased at 30mins. Providers do not do less than 30 minutes.
Evening and overnight care is likely to cost more than the current rate.
Need to also factor in additional costs to providing housing support service for Housing and Environment.

LT8 & 28   Electronic Monitoring - Projected savings of at least 5% = £2,500,000 over 5 years

	YEAR 11/12		YEAR 12/13		YEAR 13/14		YEAR 14/15		YEAR 15/16	FULL 5 YEARS	
COST	-178,200		-130,420		-130,420		-130,420		-130,420	**-699,880**	
SAVINGS	640,000		640,000		640,000		640,000		640,000	**3,200,000**	
OUTTURN (SAVING)	461,800		509,580		509,580		509,580		509,580	**2,500,120**	

Aberdeen City Council

Priority Based Budgeting
PBB Options – LT 8 & 28
Introduction of electronic monitoring for
care at home services
Draft Options for discussion
28th January 2011

6.1   Option: LT8 & 28

Title: Implement an Electronic Monitoring System to include Zoning of care

Description:

- Progress and implement the commissioning, supply, maintenance and support of an electronic monitoring system. These systems offer a range of functionalities for monitoring of actual homecare services delivered and reduce the need and costs of "backroom" support. Improves the way in which services are commissioned and delivered, and improves the accuracy of invoicing and payment methods. The monitoring of homecare services commissioned by Authorities with social care responsibilities has traditionally been by means of handwritten timesheets completed by care workers as they proceed through their daily work schedule. This removes that requirement.

Objectives:

- Improved customer experience
- Best Value

Benefits:

- Monitor capacity and need to plan for meeting demographic changes
- Efficient and effective processes and procedures
- Electronic Monitoring of Homecare can monitor that service users receive all of the home care hours which they have been assessed for and when this is delivered.
- It will also ensure that service providers are accurately and fairly rewarded for the services they provide and that resources can be targeted to where they are needed most.
- It will also help reassure relatives and carers that services will be provided in accordance with care plans and that action will be taken if this does not happen
- Better value for money, based on the estimate 5%-10% efficiency savings as achieved by other Local Authorities
- Improved business relations with partners
- Improved care worker continuity
- A move away from outputs toward outcomes and reablement
- More transparency of unit costs between providers
- Accurate and independently verifiable performance management of the care providers operating in the area
- Market Management
- Identification of issues involved that arise purely from the scale of implementation which could be learning points for other authorities.
- A number of benefits can be identified from the introduction of electronic methods of recording, monitoring and managing the delivery of homecare to service users.
- Essential features of providing to commissioners accurate data on actual care hours delivered to each service user.
- Streamlined processing where administration involved in managing this sector of care provision is generally manual, therefore time and resource intensive.

- It also enables staff to pay on the basis of service delivered rather than service ordered, eliminating error, supporting fair charging, reducing waste and service queries, and demonstrating value for money.
- Other benefits include improved cash flow for providers and reduced provider costs for "backroom support
- Improved reliability and quality of service.
- Efficient and effective real time matching of resources to service demands. Accurate logging of the times and durations of all contact time with customers thus maximising automated customer charging and invoice production/reconciliation
- Real time alerts for missed or late visits - in time for remedial action to be taken
- Independent performance management information in relation to all services provided and paid for by public money.
- Externally validated information of the value of front loading services for reablement and a clear demonstration that this leads to reduced needs in the longer term.
- Provision of a dynamic link between various systems to improve data security
- Improvement in health and safety and mitigate the Council and provider's duties in relation to lone working
- Implementing Electronic Monitoring would achieve a greater saving for the Council than outsourcing the integrated care at home service, prevent redundancies and importantly protect much valued services for our citizens.
- **Supports zoning of workers into geographical areas thus reducing travel time**

Risks:

Achievability of proposed level of savings in required timescale (Low)

Savings: Estimated to be at least 5% or £2.5 million over 5 years

	Year 11/12	Year 12/13	Year 13/14	Year 14/15	Year 15/16	Total
Cost	-178,200	-130,420	-130,420	-130,420	-130,420	**-699,880**
Saving	640,000	640,000	640,000	640,000	640,000	**3,200,000**
Total Saving	**461,800**	**509,580**	**509,580**	**509,580**	**509,580**	**2,500,120**

Aberdeen City Council

Priority Based Budgeting

Business Case SCW_LT25 (Version 1.0)

"Review charges for respite services according to financial circumstances of service user i.e. if service user can afford to pay for respite, charge the full cost"

Document Control

Document Owner

Owner	Kate Mackay

Document Approvals

Name	Signature	Title	Date	Version
Social Care and Wellbeing Senior Management Team			25/01/11	1.0

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1   Description

This business case is to support Elected Members in decision making as part of the process of setting Aberdeen City Council's budget for 2011/12 and beyond.   This business case supports option"LT25 – Review charges for respite services according to financial circumstances of service user i.e. if service user can afford to pay for respite charge the full cost", which was designated an Amber Option at the meeting of the Finance and Resources Committee on 2nd December 2010.

1.2   Benefits

There are two potential benefits to this budget policy option: i) financial benefits arising to the Council and, depending on which option is agreed, potentially ii) the introduction of charging according to ability to pay, will be more equitable.

1.3   Costs

Key costs over the agreed lifetime of the work product (not just the lifetime of the project). Initial costs should

be split between capital and current expenditure over a calendar view (at „Executive Summary" level, this should be over an annual time period).

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	Total
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarized than the detail given in the Cost section of the business case	1,326					1,505
TOTAL (A)	**1,326**					**1,505**
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	**1,326**					**1,505**
Benefits						
One off benefits						
On-going benefits	35					
TOTAL (C)	**35**					**35**
NET BENEFIT (C-(A+B))	**35**					**35**

1.4   Investment Appraisal

There is no investment required to deliver this budget policy option.

1.5   Recommendation

It is recommended that Option 3, to increase the flat rate charge to £13.10 on a staggered basis for all service users, be agreed.

1.6   Consequences of not undertaking the project

If this budget policy option is not agreed, there will be a need to find alternative financial savings from within the Social Care and Wellbeing budget.

2. Background

2.1   Current Situation and Business Need

There is currently a flat rate charge for residential respite care across all client groups regardless of financial circumstances.   The original proposal was to amend the charging policy to introduce a contribution to the cost of the respite based on a financial assessment.

Currently there is a flat rate charge of £10 per day or £70 per week for residential respite.   This charge is regardless of financial circumstances.

The original proposal to Council in December, was to financially assess individuals in the same way that assessments are carried out for clients moving to care homes on a permanent basis. A scale of charge for respite would be applied, up to the full cost to the local authority, dependent on the individual's ability to pay, as determined by the financial assessment.

The assessment of entitlement to respite is undertaken on an individual basis in response to assessed need and there would be no change to this.

2.2   Issue or Opportunity

It was proposed to December Council meeting that the Council should move to a system whereby a service user would be required to undertake a financial assessment and then make a contribution to the cost of their respite according to the individual's ability to pay.   This will increase the amount of income achieved by the Council.

The introduction of means-tested charging may be a deterrent to accepting needed respite to those who find themselves subject to higher charges.

An alternative proposal is now being made and recommended. This proposal is to increase the basic flat rate charge to that which would be the minimum paid following a financial assessment. This would increase income, but avoid the need for each service user to undergo a financial assessment.

3. Description

3.1 Objectives

The original proposal would revise the charging policy to remove the flat rate charge and make respite charges subject to a financial assessment. An individual would then make a contribution to the cost of respite, based on their assessed ability to pay, up to 100% of the cost of the respite provided. This would increase the income achieved by the Council.

There are currently around 10,000 respite nights provided by Aberdeen City Council to 640 clients, provided at a flat rate charge of £10 per night. It was proposed that each client would receive a financial assessment and be subject to a minimum charge of £13.10, although some clients may pay a larger amount depending on their ability to pay.

A night's respite in a residential home is currently £68 per night and in a nursing home is £79 per night. For some clients with specialised Learning Disability packages, the cost could be significantly more than that when each respite night is individually charged for.

It is expected that some people would be assessed as being able to pay the full cost.

The original proposal was to increase income by £217,000. However, there was an accounting error in the original calculation and the increase in income should have been £35,000 This does not take account of the cost of collecting this income, which is as yet unknown, to Social Care and Wellbeing and the Finance Team.

The new and preferred option in this business case, is to increase the flat rate charge to £13.10, which would forgo the need for everyone receiving respite to undertake a financial assessment. This figure is the minimum that anyone would be charged following a financial assessment.

3.2 Scope

If it agreed that respite should be charged up to the full cost, then each individual client would require a financial assessment, to be provided from staff within the Social Work Finance Team in Corporate Governance. Up to 640 existing clients would require a financial assessment These would require to be reviewed annually and new clients will add to the numbers. Financial information would need to be collected from clients by their social worker or care manager. The calculation of the charge would be made by the Finance Team from this information. So far, we have been unable to identify how long it will take to complete all these financial assessments and therefore to identify when the income stream will reach its maximum potential.

If, as a result of the implementation of the charge, an individual declines to take up respite offered, this may impact on care managers who will require to monitor the effect this is having on the individual and their carers and may have to make alternative arrangements for care and support as a result, with potential costs to the Council. .

3.3 Out of Scope

Any financial assessment would focus solely on a review of the client's financial position and their ability to pay for respite. There is no necessity to reassess client needs as respite is provided on the basis of needs assessment.

3.4 Timeline

The revised charging policy will require to be approved by the Social Care and Wellbeing Committee on 10th March 2011. Dependent on the preferred option, each individual may then require a financial assessment to assess their contribution to future respite provision. As indicated above, Corporate Governance staff have not yet been able to say how long this process will take. If the preferred option is agreed, these financial assessments will not be required.

3.5 Outcomes

Outcomes of the preferred budget saving proposal option are:
- Revision of charging policy

- Implementation of revised charging policy for individuals
- Measurable increase in income for the Social Care and Wellbeing service
- Monitoring of reduction in take up of respite provision and monitoring of outcomes for those who refuse or reduce respite

3.6   Stakeholders

Those who currently receive respite are the main stakeholder for this budget proposal. Once the revised charging policy has been agreed, the service will write to all adults currently receiving a respite service to inform them of the change and, if required, the process for the completion of the financial assessment.

Some respite providers may be affected if the number of people receiving respite falls as people withdraw from service.

It is government policy, with funding to councils to support this, to increase the opportunity for carers to receive support form respite and short breaks from caring. A reduction in usage of respite will be reflected in performance measures reported to Audit Scotland.

4.   Business Need and Strategic Fit

4.1   Business Need and Strategic Fit

The option is proposed to increase the amount of income the Council achieves.   If this option is not agreed, the Council will not be able to achieve the increase in income and savings may need to be found from elsewhere within the Social Care and Wellbeing budget.

As part of the Concordat agreement with the Scottish Government, Aberdeen City Council has agreed to increase the number of respite nights available. If people withdraw from service due to an increase in charge, the Council is unlikely to be able to achieve this.

If people withdraw from respite, this will impact upon those who currently care for them and may lead to a breakdown in the caring relationship, leading to longer term costs for the Council.

5. Risks and Constraints

5.1 Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Failure of Committee to agree revised charging policy		Social Care and Wellbeing	17th Jan 2011	HIGH	LOW		Options in Business Case
	Poor communication to clients and carers		Social Care and Wellbeing	17th Jan 2011	MEDIUM	LOW		Clients and carers notified immediately after Council decision with process explained
	Inability to undertake financial assessments		Corporate Governance	17th Jan 2011	HIGH	HIGH		Reduction in staffing in 2010 means reduced capacity to undertake assessments. Can only mitigate by increasing costs of additional staff time.
	Time lag to undertake assessment		Corporate Governance	17th Jan 2011	MEDIUM	MEDIUM		As above. Timetable will be put in place
	Service users refuse to cooperate with financial assessment		Social Care and Wellbeing	17th Jan 2011	LOW	MEDIUM		Service users who do not cooperate and wish respite will be charged full cost
	Number of clients withdrawing from service		Social Care and Wellbeing	17th Jan 2011	MEDIUM	MEDIUM		Mon & Eval for individual clients Waving of charges In situations of high risk of breakdown of care Monitoring of trends for

							higher cost packages due to removal of respite

6. Options

6.1   Option 1 – Retain current flat rate charge of £10 per night (£10.50 if 5% increase in all charges agreed)

This is essentially the do nothing option. This would retain the current charging policy and the impact would be on the service, which would be unable to realise additional income and would therefore have to look to make savings from other parts of the service. There would be no issues in terms of the delivery of this option.

6.2   Option 2 – Retain flat rate charge but increased to £13.10 per night

This proposal would realise some additional income for the Council by increasing the basic flat rate charge. It would not address the fact that some people are able to pay more for respite.   There would be no issues in terms of the delivery of this option, other than to advise people of and apply the revised charge.   The Social Work Finance Team have indicated that the £13.10 rate is the minimum rate which would be charged for any service user following a financial assessment.

This would increase income received by £35,000.

6.3   Option 3 – Retain flat rate charge but staggered: £12 in financial year 11/12 and £13.10 in financial year 12/13

This proposal would realise some additional income for the Council by increasing the basic flat rate charge. It would not address the fact that some people are able to pay more for respite.   There would be no issues in terms of the delivery of this option, other than to advise people of and apply the revised charge.   The uplift in the flat rate charge would be staggered and would rise to £13.10 in the financial year 12/13.   The Social Work Finance Team have indicated that the £13.10 rate is the minimum rate which would be charged for any service user following a financial assessment.

This would increase income received by £21,000 in the financial year 11/12 and an additional £35,000 in the financial year 12/13.

6.4   Option 4 – Implement two flat charges according to ability to pay (£10.50 and £35 per night)

This option would further increase the additional income for the Council, by charging a higher rate to those who are assessed as being able to pay.   Financial assessments would be required for all those who are receiving a service, to determine which rate they paid.   This may result in some withdrawal from service, but at a lower rate than an option to charge the full amount of respite.

It is not possible to quantify what this increase in income would be, until the financial assessments were completed.

6.5   Option 5 - Charge for respite according to individual's ability to pay, but up to a cap (£68 per night)

This option would implement an agreement to charge for respite according to each individual's ability to pay and following a financial assessment.   However, this option would implement a cap in the charge for respite, which would lay out a maximum amount to be paid, regardless of the cost of the individual's respite service.   It is suggested that this maximum amount would be set at £68 – which is the cost of a night's residential respite for an older person paid by the Local Authority.   This does not take account of the significantly higher costs of respite for other care groups, notably adults with a learning disability.

It is not possible to quantify what this increase in income would be, until the financial assessments were completed.

6.6   Option 6 – Charge for respite according to individual's ability to pay up to full cost of respite

This option would implement an agreement to charge for respite according to each individual's ability to pay and following a financial assessment.   There would be no cap on the charge for respite, with individuals required to meet the full cost of respite provision, where it is assessed that they are able to do so.

It is not possible to quantify what this increase in income would be, until the financial assessments were completed.

6.7 Benchmarking

It has not been possible to undertake a full benchmarking exercise with all other Scottish Local Authorities, however, an initial research exercise has established that the majority of Local Authorities make a flat rate charge for respite services. These charges are variable, as follows:

Council	Weekly Charge (Residential Respite) *Current ACC weekly charge is £70*
Aberdeenshire	£76.10
Scottish Borders	£105
Renfrewshire	Residential Respite Under 65 £69.90 Over 65 £108.10 Non residential respite – hourly charge of £13.88
Clackmannanshire	£110
North Lanarkshire	£73.35
South Lanarkshire	£108.10

The only Council we have contacted who makes a variable charge, up to the full cost, is Highland Council.

6.8 Recommended Option

Option 3 is recommended on the basis that
- this will realise an increase in income;
- it will allow the new charges to be collected for the maximum period in year 1;
- it will stagger the introduction of charges, rather than implementing a large increase in year 1;
- there will be no additional costs in staff time for undertaking financial assessments;
- the deterrent effect is less likely than with means- tested charges;
- it still allows individual circumstances of hardship to be considered; and
- it is consistent with the approach of other councils.

7. Cost and Benefits Analysis

7.1   Cost and Benefits Analysis

It is not expected that there will be any costs associated with the implementation of a revised charging policy for respite services, as Corporate Governance have indicated that they can undertake the financial assessments required from within existing resources.

The benefits of a revised charging policy will depend on the option chose, however, unless the status quo is maintained the principle benefits will be in increased income to the Council and a more equitable charge for respite, based on the individual's assessed ability to pay.

7.2   Expected Costs

The majority of resource required to implement the original option would need to be addressed to undertaking financial assessments for those who currently receive a respite service. Once these new assessments have been undertaken, the financial assessments and reviews would form part of the normal processes for Social Care and Wellbeing and Corporate Governance staff.

If Option 3 is agreed, there will be no associated costs with implementation.

There is an unquanitifiable potential future cost if individuals withdraw from respite services and later require higher cost care packages due to a deterioration in their own situation, or the situation of their carer.

7.3   Expected benefits

The tangible expected benefits are financial to the Council, although the exact amount of financial saving is dependent on the option chosen.

8. Investment Appraisal

No investment is required to deliver this option.

9. Recommendations

9.1   Key Recommendations

It is recommended that Option 3 be agreed, which will increase the flat rate charge for respite from £10.00 to £12.00 in year 1 and £13.10 in year 2, for the reasons outlined above.

9.2   Assumptions and Dependencies

Figures on potential income generation are based on an assumption that respite levels will remain the same and will not reduce due to the implementation of charges.

The saving figure included in the original option has been calculated on an assumption that every financial assessment will result in the service user paying the minimum amount. If it is agreed to implement Options 4, 5 or 6, until each financial assessment is completed, there would no certainty on the income figure that would be achieved and the amount of additional income generated may well exceed the level predicted.

However, if Option 3 is agreed, there will not be a need for financial assessments and it is not expected that there will be a significant drop off in the take up of respite.

10. Implementation Approach

If Option 3 is agreed, the revised charging policy would be discussed at the Social Care and Wellbeing Committee on 10th March and the revised charge would be implemented from 1st April 2011.

If one of Options 4, 5 or 6 agreed, are two potential options for implementation:

1. Financial assess every service user at the outset; or
2. Charge everyone the new maximum and say that people can ask for a financial assessment to determine how much they would pay.

It is proposed that implementation would be via financial assessments at the outset, but the implications of this are that the income generated will be small to begin with and will gradually increase as more people are assessed.

Aberdeen City Council

Priority Based Budgeting

Business Case SCW_SD15 (Version 1)

"Outsource 4 Children's Homes"

Contents

Document Control

Document Owner

Owner	Susan Devlin

Document Approvals

Name	Signature	Title	Date	Version

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.2 Description

This business case is to support Elected Members in decision making as part of the process of setting Aberdeen City Council's budget for 2011/12 and beyond. This business case supports option SCW_SD15 "Outsource 4 Children's Homes", which was designated an Amber Option at the meeting of the Finance and Resources Committee on 2nd December 2010.

1.2 Benefits

The proposal would offer small financial savings to the Social Care and Wellbeing Service's budget. Savings are calculated on existing provider's costs. However, the model is not comparative. The local authority provides wakened night staff and the model used for comparison does not. It is considered that outsourcing the 4 children's homes would require at least some component of wakened night staff. This is likely to increase the provider's costs.

1.4 Costs

Key costs over the agreed lifetime of the work product (not just the lifetime of the project). Initial costs should

be split between capital and current expenditure over a calendar view (at „Executive Summary" level, this should be over an annual time period).

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	Total
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarized than the detail given in the Cost section of the business case	1,898					
TOTAL (A)						
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	**1,898**					
Benefits						
One off benefits						
On-going benefits						
TOTAL (C)						
NET BENEFIT (C-(A+B))		24	24	24	24	

1.4 Investment Appraisal

Not applicable

1.5   Recommendation

It is recommended that Option 3 be agreed as this will mitigate the risks associated with the loss of control of the running of and placements into residential children's homes across the City

1.6   Consequences of not undertaking the project

- The residential service would continue to be managed by the local authority
- This would result in the savings not being achieved

2.   Background

2.1   Current Situation and Business Need

2.1.1   Aberdeen City Council currently runs 4 children's home (Gilbert Road, Kingsfield, Willows and Kincorth). Collectively, the homes are registered for 22 children.

2.1.2   There is one short-term assessment home, one girls home and 2 mixed homes.

2.1.3   The children's homes are line-managed by the Service Manager for Young People's Care and Accommodation.

2.1.4   The homes provide full-time care for children living in Aberdeen. Although the children are not living with their family, they remain living within their city of origin and can maintain contact with their school, peers, friends and family.

2.1.5   The homes also provide a transitional placement for young people who are returning from residential or secure accommodation out-with the city.

2.2   Issue or Opportunity

2.2.1   The proposal as discussed at the Council meeting in December, was to outsource the running of the 4 homes to an external provider.   The risks of doing so are as follows

- The local authority would loose control of the residential service in Aberdeen
- There may not be suitable interest from providers
- The provider/s may not be receptive to the referrals made for placements
- The provider may choose not to accept referrals for the most challenging young people the homes currently care for
- This may result in those young people having to be accommodated in residential or school or specialist placements.
- This would increase costs significantly

2.2.2   This would mean that the local authority would pay the external provider/s to provide the residential service on behalf of the local authority.

2.2.3   This would result in a projected saving of £24K in year 5, although it would cost an additional £86k in year 1 to deliver this option. . (see note at 1.2 for information about cost comparison.

3.   Description

3.1   Objectives

3.1.1   Outsourcing the residential service would result in an external provider/s managing the service and taking responsibility for improving the outcomes for the young people living in the homes.

3.1.2   The local authority would pay provider/s an agreed amount of funding to provide the residential service. The provider/s would provide the registered number of places within each home.

3.1.3   The provider/s would be in close liaison with the local authority regarding appropriate referrals and moving on plans for the young people.

3.2   Scope

3.2.1   The timescale of 2 years is envisaged to ensure a seamless transition of management of the homes.

3.2.2   Social Care & Wellbeing's Children's services would be involved in the tendering process.

3.2.3   Council functions would not be affected by the outsourcing of the children's homes.

3.3   Out of Scope

3.3.1   There are no key areas.

3.4   Timeline

3.4.1   A tendering framework would be developed by Social Care & Wellbeing Contracts Team (6 months).

3.4.2   The Contacts Team would give notification of the tender on the website.

3.4.3   Agencies would then submit their tenders (6 weeks).

3.4.4   Panel would read the tenders (4 weeks).

3.4.5   All/selected agencies would be invited to give a presentation (4 weeks).

3.4.6   Decision made and successful agency awarded the tender (4 weeks).

3.4.7   Unsuccessful agencies allowed time to query the decision (4 weeks).

3.4.8   Negotiations start re how the management of the homes will be transferred.

3.4.9   Successful agency starts the TUPE process of transferring staff to their employment. Unions to be consulted (3 months).

3.6   Outcomes

3.6.1   The estimated completion date would be June 2013

3.6   Stakeholders

3.6.1   The key interested parties which would be affected are:-

- Service users and their families

- Education, Sport and Culture service
- Children's services
- 16+ Housing providers
- 16+ training and employment providers
- Health services
- Voluntary agencies

4. Business Need and Strategic Fit

4.1 Business Need and Strategic Fit

4.1.1 The outsourcing of the children's homes would ensure that the service is managed for a set budget annually.

4.1.2 The service provider/s would have responsibility for staffing and recruitment in the homes. They would also have responsibility for induction and ongoing training which meets the requirements of the Care Commission and the Scottish Social Services Council.

4.1.3 The Children's Services Plan states that there needs to be improved outcomes for the young people in our care.

4.1.4 SWIA & HMIe reports of 2008 have highlighted that the local authority has twice the number of young people in care per head of population than any other local authority in Scotland

4.1.5 The Children's Services Plan is committed to shifting the balance of care and ensuring that, wherever possible, young people who cannot remain living at home can remain living in their community.

4.1.6 The GIRFEC agenda will ensure that there is multi-agency participation in the planning for the young people who are resident in the children's home

4.1.7 Not undertaking the initiative would result in the management of the children's home remaining with the local authority.

5. Risks and Constraints

5.1   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
1.	No potential providers		SC&W		Low The service would continue to be managed by the local authority	Medium	SC&W	Would need to retender
2.	Potential providers wanting to manage one or two units		SC&W		High Would result in a fragmented service and increased costs associated with retendering	High	SC&W	Would need to retender
3.	Successful provider withdraws from the process		SC&W		High Increased cost associated with retendering	Low	SC&W	Would need to retender
4.	Provider may decide to withdraw at a later date		SC&W		High Increased costs associated with retendering	Low	SC&W	Contract in place specifying time period
5.	Reduced control over admissions to homes and residents		SC&W	ongoing	High Costs of placing young people in out of authority	High	SC&W	Contract in place regarding admissions

	moving on				placements is significantly higher			
6.	Provider states at a later date that they cannot provide the service for the agreed amount		SC&W		High Strain on the budget. Deterioration of service. Reduction in service and less places.	High	SC&W	Contract specifying financial costs. Performance framework in place

6. Options

6.1   Option 1 – Outsource the 4 children's homes

- External provider/s takes over the management and running of the homes.
- The external provider/s would be paid an annual sum of money to provide the service as per the requirements of Care Commission and SSSC.
- The local authority would retain overall control of the referrals to the homes; however the provider/s will want to have the final decision on what young people they wish to accept.
- The provider/s may say that they cannot care for a young person due to their challenging behaviour. This may lead to them having to be cared for outwith the city, leading to higher costs and poorer outcomes.
- There would be the risk that the provider/s may withdraw from the contract at any time in the future or request more money than budgeted for to provide the service.
- There service would have to go out to retender at agreed times e.g. 3 yearly. This may result in the service being transferred to another provider/s.

6.2.1   Option 2 – Outsource 1, 2, or 3 of the 4 children's homes

- External provider/s take over the management of one or some of the children's homes.
- The local authority retains management and the running of one or some of the children's homes.
- The local authority would have control over emergency admissions to local residential care, however not necessarily over moving on to a medium to long term home.
- This does not allow for a seamless transition from one home to another.
- The provider/s may say that they cannot care for a young person due to their challenging behaviour. This may lead to them having to be cared for outwith the city, leading to higher costs and poorer outcomes.
- There would be the risk that the provider/s may withdraw from the contract at any time in the future or request more money than budgeted for to provide the service.
- There service would have to go out to retender at agreed times e.g. 3 yearly. This may result in the service being transferred to another provider/s.
- This could lead to different terms and conditions of employment in the homes.
- The local authority's home/s would accommodate the most difficult and challenging young people which would result in organizational/management difficulties.

6.2.1   **Option 3 – Not outsourcing any of the children's homes**

- The local authority would retain management of the children's home and control over admissions.
- This would allow for a seamless transition from the emergency home to the longer term homes.
- The local authority would retain responsibility for how the homes are run with staff remaining on the same terms and conditions that there are currently employed.
- As part of the ongoing Children's services modernisation, it is planned to review the in–house residential service and it is expected that some savings may result from this, although these are not quantifiable at this time.

6.2.2   Recommended Option

Option 3 is recommended with a plan to review and subsequently likely redesign the residential service.

7. Cost and Benefits Analysis

7.1 Cost and Benefits Analysis

- Option 1 – saving of £24K

- Option 2 – saving of up to £24K

- Option 3 – no saving

7.2 Expected Costs

- Not applicable

7.3 Expected benefits

- Not applicable

8. Investment Appraisal

There is no direct investment required to deliver this budget option. However, it should be noted that the costs associated with the tendering and management / monitoring of such a contract would need to be born by the Social Care and Wellbeing Service and may exceed the financial benefit expected to be realized.   It is predicted that the net cost of the tendering exercise in Year 1 will be £86k, with a resultant saving of £96k over the following 4 years.

9. Recommendations

9.1 Key Recommendations

It is recommended that Option 3 be agreed as this will mitigate the risks associated with the loss of control of the running of and placements into residential children's homes across the City.

9.2 Assumptions and Dependencies

The savings within the option presented to Council in December were based on the cost of purchasing a place in an existing voluntary sector children's home within the City.   The savings therefore, are predicated on the assumption that an external provider would be able to run our existing Children's Homes for the same cost as we currently purchase a place. As outlined above, there are concerns that additional staffing would be required, which would make purchasing a place more expensive and therefore may potentially cost more than the existing model.

10. Implementation Approach

If it is agreed that the 4 children's homes should be outsource, the approach would be as outlined in Section 3.4.

11. Appendices

There are no appendices

Aberdeen City Council

Priority Based Budgeting

Business Case – Review of Commissioning Costs

"2% year on year uplift built into SCM commissioned costs (exc op res + nursing)   stripped back to 1% year on year increase"

Supporting Statement

The service cost model for Social Care and Wellbeing originally had growth built into it, via an expectation that the costs of commissioned social care services would increase by 2% year on year. This would be seen in an increase in the amount payable for services purchased from the private and voluntary sectors. These increases were reflected in the 5 year expected costs for the service.

Proposals were initially developed to reduce this increase to a 1% increase year on year (Option New 1). Subsequently an option was developed to also remove this 1% uplift in year one (Option New 4). This has removed any increase in payments for services, except for residential and nursing care for Older People, in the financial year 2011/12, with increases in subsequent years subject to negotiation.

The decision as to whether to increase the amount paid for commissioned services has always been a business decision made within the Social Care and Wellbeing Service.

In developing the budget for 2011/12, accounting staff have not built in any increase in commissioned costs for the financial year. As growth has not been built it, there is therefore no longer any need for an option to remove it. However, negotiations are ongoing with regards to the need to build growth into the Service Cost Model.

The Director of Social Care and Wellbeing would prefer that growth to cover an increase in commissioned costs were built into the budget for 11/12, to allow for flexibility in negotiation and to avoid the need to bid for growth monies if a 0% uplift is not achievable.

Aberdeen City Council

Priority Based Budgeting
Business Case FMB05 (Version 1.0)

"Stop Directorate Policy and Strategic
Development"

Document Control

Document Owner

Owner	Kate Mackay

Document Approvals

Name	Signature	Title	Date	Version
Social Care and Wellbeing Senior Management Team			25/01/11	V1.0

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.3 Description

This business case is to support Elected Members in decision making as part of the process of setting Aberdeen City Council's budget for 2011/12 and beyond. This business case supports option SCW_FMB05 "Stop Directorate policy & strategic development", which was designated an Amber Option at the meeting of the Finance and Resources Committee on 2nd December 2010.

1.2 Benefits

The proposal would offer financial savings to the Social Care and Wellbeing Service's budget.

1.5 Costs

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	Total
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarized than the detail given in the Cost section of the business case						
TOTAL (A)	**1,330,847**				**1,626,000**	
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)	**0**				**0**	
TOTAL (A+B)	**1,330,847**				**1,626,000**	
Benefits						
One off benefits						
On-going benefits						
TOTAL (C)						
NET BENEFIT (C-(A+B))	**470,000**	**1,025,000**	**1,025,000**	**1,025,000**	**1,025,000**	

1.4 Investment Appraisal

There is no investment required in the delivery of this option.

1.5 Recommendation

It is recommended that Option 3 is agreed, which will provide savings to the Council of £147,009 (14.3% of considered budget).

1.6 Consequences of not undertaking the project

Not undertaking the options detailed within the business case would have a financial impact on the Social Care and Wellbeing Service's budget and alternative savings may need to be found.

2. Background

2.1 Current Situation and Business Need

The Service Cost Model (SCM) for Social Care and Wellbeing comprises a budget line "Directorate Policy and Strategic Development". This line was included to ensure consistency across the SCMs for all Directorates and to allow a cost to be derived for these functions across the Council as a whole.

The Directorate Policy and Strategic Development line for Social Care and Wellbeing is different from those for other services in that it also includes sums of monies which are made as grants to the voluntary sector, for the delivery of the service's strategic objectives.

One of the options considered by the Service's Senior Management Team was to cease those staff and payments associated with the development and delivery of the Service's Strategy and Policy.   Originally this option was below the red line, but elected members requested further detail on the potential to deliver savings from this budget line.

This business case offers options towards the delivery of that option in full and in part.

2.2 Issue or Opportunity

This business case offers the opportunity to make financial savings associated with the budgets which make up the "Directorate Policy and Strategic Development" line in the Social Care and Wellbeing Service Cost Model.

3.   Description

3.1   Objectives

This business case offers elected members the potential to save all or part of the line within the Service Cost Model "Directorate Planning and Strategic Development".

3.2   Scope

This business case covers the budget codes which were included in the Directorate Policy and Strategy line within the Service Cost Model.   This includes the following budget codes:

	£
Spend to save initiatives	106,730
Integrated IT system	365,334
General Case Work (Vol Org Grants)	244,316
Performance Management	81,853
Policy Development	101,014
Carer involvement	41,523
Planning	88,802
LD New Futures	1,248
Corporate Parenting	16,267
R&D Officer	1,380
NESCPC	32,050
Carers Strategy	258,528
TOTAL	**£1,339,045**

3.3   Out of Scope

This business case does not consider those staff who are employed in the Service's Commissioning and Contracting or Learning and Development Teams.

The business case does not include those staff or budgets which have been the subject of the business case for Option FMB1+16 "Review of Directorate Support, Planning and Strategic functions", this is equal to a sum of £177,000. This sum is therefore out of the scope of the budgets outlined above.

Also considered out of the scope of the budgets outlined above is a sum of £104,040, which is the licence payments for the service's electronic case recording system.

The City Council's contribution to the North East of Scotland Child Protection Committee should also be considered to be outwith the scope of this business case, as it would not be recommended that we withdraw.

This leaves a sum of **£1,025,955** which has been considered as part of this business case.

3.4   Timeline

- Identification of savings to be made – February 2011
- Communication with affected voluntary sector groups (if required) – February 2011
- Disestablishment of vacant post(s) – March 2011
- Changes to associated budgets – February 2011
- Commencement of review of support to carers – April 2011

3.7 Outcomes

The outcomes associated with this business case are dependent on the option chosen, however, the primary outcome will be a reduction in expenditure by the Social Care and Wellbeing Service.   Where this impact is felt is dependent upon the option chosen.

If Option 3 is agreed, there will be a reduction in funding for voluntary organisations in the region of £50,000, this will be achieved through a review of the supports the Council provides for carers.   There will also be a reduction in strategic capacity within the Social Care and Wellbeing service, this risk is being mitigated through a redesign of support functions within the service.

3.6 Stakeholders

Key stakeholders for this budget policy option are those voluntary agencies who currently receive grants from the two budget lines mentioned above. Any decision to reduce or cease payments would need to be communicated with them as a matter of urgency.

4. Business Need and Strategic Fit

4.1 Business Need and Strategic Fit

The removal of part of all of the budgets outlined above, does not fit with the Strategic and Business Needs of the Social Care and Wellbeing Service. The grants and payments made to voluntary organizations are made to deliver the Service's strategic objectives. The staff concerned are those who will be required to deliver the strategic and policy changes required to deliver the changes outlined in the Council's 5 year Business Plan and the Service's own Business Plan.

The service can make some financial savings, through the deletion of posts which are currently vacant and also through ceasing some small scale payments. However, making significant savings from this budget will impact upon voluntary organisations within the City and on the existing staff groups outlined below.

The budgets relating to this line in the Service Cost model are outlined above, more detail is given below as to where the money is spent for each of the budget headings.

Spend to save initiatives   £106,730

This budget is made up as follows:
- 2 x staff members who work in the Team
- Small budget for advertising for Adult Protection awareness

Integrated IT system   £365,334

This budget is made up as follows:
- Licences for the careFirst electronic case recording system
- Salaries for careFirst support staff and performance information staff
- Printing for social work leaflets (statutory requirement)
- Payment to Grampian CareData (electronic social care information site, hosted by Aberdeenshire Council on behalf of the two Councils and NHS Grampian)

General Case Work (Vol Org Grants)   £244,316

Payments are made to the following voluntary organisations:

- Victim Support Aberdeen
- The Samaritans
- VSA Carers Centres (Belmont and Castle Street)

Payments under this budget for 10/11 total £176,821. This amounts to a £67,495 under spend in this budget. However, this will be accounted for in the proposal to reduce the Social Care and Wellbeing budget in 2011/12, due to under spend in the current financial year.

Performance Management   £81,853

The budget here is a staff budget, although one post is already accounted for in the proposal FMB01+16. The remaining post is that of Social Work Complaints Officer.

Policy Development   £101,014

This budget covers posts, two of which are currently vacant, covering statutory work relating to Freedom of Information, Data Protection and access to Social Work records, including liaison with Grampian Police and the Procurator Fiscal.

Carer involvement   £41,523

This budget is for a post and budget for payments to assist service users and carers attend meetings.

Planning   £88,802

This budget is for posts that support the Planning and Development Managers in Operational Services.

LD New Futures   £1,248

This is a residual budget left over from the closure of Choices.

Corporate Parenting   £16,267

This budget funds part of the salary of the Children's Rights Officer.

R&D Officer   £1,380

This is a residual budget, the post holder and budget transferred to Education, Culture and Sport.

NESCPC   £32,050

This budget represents Aberdeen City Council's contribution to the North East of Scotland Child Protection Committee.

Carers Strategy   £258,528

Payments are made to the following voluntary organisations:

- Brain Injury Grampian
- Crossroads (part funding of the Care Attendant Scheme)
- VSA Carers Help Group
- VSA Development Worker (Children with Special Needs)
- VSA Carers Counselling Service
- VSA Welfare Rights
- VSA Carer Information
- VSA Young Carers Transport costs
- VSA Carers Self Assessment Co-ordinator
- VSA admin support

5.   Risks and Constraints

5.1   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Reduction in payments to voluntary organisations, leads to closure of services	Live	Social Care and Wellbeing	24th Jan 2011	HIGH	MEDIUM		Any reduction in grant will be as part of a review of the services we commission to support carers
	Reduction in payments to voluntary organisations, leads to reduction in services	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	MEDIUM		Any reduction in grant will be as part of a review of the services we commission to support carers
	Removal of payments to voluntary organisations leads to closure of services	Live	Social Care and Wellbeing	24th Jan 2011	HIGH	LOW		Any reduction in grant will be as part of a review of the services we commission to support carers
	Reduction of strategic capacity within Service affects ability to deliver change	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	MEDIUM		This is being mitigated against through a review of the support functions within the Social Care and Wellbeing Service. The review will lead to increase flexibility in the deployment of resources.
	Reduction of strategic capacity within service increases workloads of existing operational staff	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	LOW		This is being mitigated against through a review of the support functions within the Social Care and Wellbeing Service. The review will lead to increase flexibility in the

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
								deployment of resources.
	Inability to respond to changes in national / local policy objectives	Live	Social Care and Wellbeing	24th Jan 2011	HIGH	LOW		This is being mitigated against through a review of the support functions within the Social Care and Wellbeing Service. The review will lead to increase flexibility in the deployment of resources.
	Inability to provide performance and management information	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	LOW		Assuming Option 3 is agreed there will be no reduction in the service's capacity to support performance management
	Inability to make statutory performance returns	Live	Social Care and Wellbeing	24th Jan 2011	HIGH	LOW		Assuming Option 3 is agreed there will be no reduction in the service's capacity to support performance management
	Reduction of removal of support to user and carer groups	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	LOW		Assuming Option 3 is agreed there will be no reduction in the service's capacity to support performance management
	Given the nature of the budgets concerned this would primarily impact on carers within the City. If these support	Live	Social Care and Wellbeing	24th Jan 2011	MEDIUM	MEDIUM		Any reduction in grant will be as part of a review of the services we commission to support carers

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	services cease, there may be a consequential increase in demand for mainstream Social Work services.							

.6   Options

Each option outlined below has been considered by the Social Care and Wellbeing Service's Senior Management Team.

6.1   Option 1 – Status Quo (No financial saving)

This option would see no change to the funding line "Directorate Policy and Strategic Development".   There would be no financial saving to the Council and no impact on the voluntary organisations and staff concerned.

6.2   Option 2 – Remove entire budget

This option would remove £1,025,955 from the budget line "Directorate Policy and Strategic Development".

All payments to voluntary organisations would cease with effect from 1st April 2011.   This option would make 16.5 FTE posts redundant.   (Not including those posts at risk from Option FMB01+16)

Whilst this proposal would make significant financial savings to the Council, this would cause the service significant issues:

- Removal of all grants to voluntary organizations. Given the nature of the budgets concerned this would primarily impact on carers within the City and would remove £323,243 of funding from VSA. The impact would be felt by the voluntary organizations and those they support and may cause some services to cease altogether.   If these support services cease, there may be a consequential increase in demand for mainstream Social Work services.
- There would be no support within the service to undertake the changes and efficiencies required to deliver budget Policy Options.
- There would be no support within the service to undertake the changes required to improve services.
- There would be no support within the service to undertake changes required in response to changes in national legislation and national and local policy objectives. The work required would need to be undertaken by operational Social Work staff, reducing the time spend managing and developing operational services.
- The budgets for provision of information to partners and the public would be removed. As this is a statutory requirement, information provision would need to continue with the costs either being borne corporately, or from within service budgets, reducing the amount available to support service users.
- Statutory work undertaken by the Policy and Strategic Development staff would need to continue and would place an additional burden on operational Social Work staff.
- The service would struggle to meet its obligations to make statutory performance information returns to CoSLA, Audit Scotland and the Scottish Government. Again, the responsibilities for this would require to be met from within operational Social Work services.

The Social Care and Wellbeing Service is confident that savings can be made from "Directorate Policy and Strategic Development" line in the Service Cost Model. This option is outlined below:

6.3   Option 3 (Recommended Option) –Decrease non vol org budget by 18.5% and decrease payments to voluntary organisations by 10%

This option reduces the staffing and other budgets that do not relate to payments to voluntary organisations, by 18.5%. This option would be delivered as follows:

	£
Cease budget for other agency advertising	7,452
Reduce careFirst and information team travel budget	5,000
Remove R&D Officer residual budget	1,380
Delete LPD Materials Budget (unspent)	1,248
Delete Policy Development Officer post (vacant)	38,086
Delete Quality Assurance Officer post (vacant)	43,559
TOTAL	**£96,725**

This option would remove some strategic capacity within the service, including a post which was intended to be redesigned to support the Social Work Complaints / MP, MSP and Elected Members enquiry system and performance management.

The Social Care and Wellbeing Service will shortly commence a review of services which support carers, it is expected that this review will achieve financial savings in the region of £50k, which would equate to just under 10% of the total of payments made to voluntary organisations under the two budget headings outlined above. Whilst this saving would not be achieved from 1st April 2011, savings will be identified and delivered within the 11/12 financial year.

7.   Cost and Benefits Analysis

7.1   Cost and Benefits Analysis

The benefits delivered to the Council are financial, from a reduction in the Service's budget.

There will be some reduction in funding to Voluntary Organisations, although savings will be achieved through a review of the services the Council provides and commissions to Carers.

8.   Investment Appraisal

There is no investment required to deliver this business case.

9.   Recommendations

9.1   Key Recommendations

It is recommended that Option 3 is agreed, which will provide savings to the Council of £147,009 (14.3% of considered budget).

9.2   Assumptions and Dependencies

There are no assumptions associated with this business case.

The delivery of savings from the voluntary sector is dependent on the review of the services that the Council provides and commissions for carers.

10. Implementation Approach

Project Roles and Responsibilities

HR issues – Operational Support Manager
Review of Services to Support Carers – Head of Service (Older People and Rehabilitation)
Overall responsibility – Director of Social Care and Wellbeing

Timescales

- Identification of savings to be made – February 2011
- Identification of staff at risk of redundancy and implementation of appropriate HR policies (if required) – February 2011
- Communication with affected voluntary sector groups (if required) – February 2011

- Disestablishment of vacant post(s) – March 2011
- Changes to associated budgets – February 2011
- Commencement of review of support to carers – April 2011

11. Appendices

There are no appendices to this business case

Aberdeen City Council

Priority Based Budgeting
ECS1 – C1 Integrated Communities Service
January 2011

Contents

Document Control

Document Owner

Owner	Gail Woodcock

Document Approvals

Name	Signature	Title	Date	Version

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

This report states the business case for the benefits relating to the PBB Option: ECS1 – C1 Integrated Communities Service.

This option involves the re-engineering of the Community Learning and Development service which was formerly managed through Neighbourhood Services North, Central and South and Strategic Leadership; and the Neighbourhood Community Planning Officers who were also managed through Neighbourhood Services North, Central, and South. This work will see these teams brought together into a new streamlined and focused "Integrated Communities" Service.

This affects the following services:

- Support to volunteers

- Youth work – Street work projects, detached youth work, drop in, music projects, lunch clubs, LGBT, information, guidance and counselling, work in schools/Curriculum for Excellence, 16+ learning (MCMC), Dynamic youth awards, youth achievements awards, Duke of Edinburgh awards, youth literacy, Youth Councils, work placements, mental and physical health , enterprise and sports groups

- Community Capacity Building - work with Management Committees, community planning networks, Learning Partnerships, Community Councils, Parent Councils, community forums, community newsletters, leased centres, tenants and residents groups, Under 12's groups – breakfast clubs, after school clubs, play schemes and street play

- Adult Learning – family learning , classes (health & wellbeing, cultural, languages, physical), employability, core skills, ICT, certificated courses, literacy and numeracy, English as a second language, Healthy Minds Project (Mental Health), drugs rehabilitation work and work placements.

- Under 5's – crèche, messy play, PEEP, two's groups, playgroups

- Neighbourhood regeneration projects incorporating physical, social and economic improvements

The integrated service will continue to support the delivery of these services, while focusing primarily on regeneration areas and on community and organisational capacity building. This focus will seek to ensure that communities and organisations are better able to take on responsibility for planning and delivering local services to local people. In the current era of public financial restraint, a greater move towards this way of working will facilitate further future public finance efficiencies.

A draft version of the new structure is available at Appendix 4.

1.2 Benefits

This option will see a significant reduction in costs to the Council in the short term, and will see community groups and organisations being developed and supported to be able to plan and deliver local services to local people, which will be significant in ensuring the sustainable delivery of local services during a period of reducing public finance.

1.3 Costs

The costs in year one are attributed to severance costs relating to reducing the workforce. There are a number of vacancies within the service already, and Council policy decisions relating to the Voluntary Severance/ Early Retirement scheme will affect these figures.

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
	1,106					
TOTAL (A)	1,106					
Capital Expenditure						
May be required depending on future options for capital assets.						
TOTAL (B)						
TOTAL (A+B)						
Benefits						
One off benefits						
On-going benefits	1,106	1,106	1,106	1,106	1,106	
TOTAL (C)						
NET BENEFIT (C-(A+B))		1,106	1,106	1,106	1,106	

1.5 Recommendation

It is recommended that the council does take this option, which will see significant short term financial savings being delivered, while sustaining a service which will help to ensure that there are sustainable options in place for longer term pubic financial savings.

1.6 Consequences of not undertaking the project

If the project is not undertaken, the service will not realise its full potential in terms of focus of delivery and financial efficiency.

2. Background

2.1 Current Situation

The service includes the direct delivery and enabling the local communities to deliver the following services:

Support to volunteers

This involves recruiting and training volunteers of all ages to engage in a wide range of activities which strengthen local communities, e.g. Management Committees, under twelve's groups, inter-generational work, greater involvement in neighbourhood projects, holiday play schemes, youth mentoring, out of school clubs, under fives groups, adult literacy and adult learning. These opportunities can help with employment prospects as well as promoting positive mental health for the individuals concerned.

Youth work

All youth work focuses on the 4 capacities of Curriculum for Excellence (also SOA 4) in that it enables young people to become successful learners, confident individuals, responsible citizens and effective contributors. Examples of youth work include:

- **Street work and detached youth work** – Youth work in outdoor areas which encourages active and responsible citizenship and reduction in anti social behaviour. This takes place in conjunction with the Police and mediation workers from SACRO

- **Drop ins** – open sessions across the city which allow young people to make the first step into a facility

- **Mental and Physical Health** – a range of activities helps to promote these including fitness and sports groups, and groups which give support for mental health. There is also youth work partnership with NHS Grampian at Square 13 focusing on sexual health.

- **Inclusion and equalities** – although intrinsic to the youth work approach specific projects also take place and there is youth work input to the city LGBT (Lesbian, Gay Bisexual and Transgender) Group.

- **Music Projects** – focused music facilitation sessions in conjunction with youth workers. 52k has been sourced from lottery funding to enable young people to gain skills of all kinds and many have gone on to be music tutors or youth workers as well as gaining careers in the music industry

- **Information and Guidance** – is available through all youth work intervention but specifically there is a city wide information service and information points in schools and centres across the city

- **More Choices More Chances** – joint work between youth workers and teachers takes place in schools. In particular there are initiatives focused on the 16+ Learning Choices entitlement. Out with schools, youth work focuses on young people gaining skills for learning, for life and for work (Building the Curriculum 4). 150 tailored placements per year are offered by the Work Experience Service to those in the MCMC group via ToolKit for Progress.

- **Youth Literacies** is a central plank of all youth work activity

- **Accreditation** – youth work encourages young people to undertake a range of awards such as Dynamic Youth, Youth Achievement Awards and Duke of Edinburgh Awards.

- **Work Experience** – provides the opportunity for all Aberdeen City pupils entering their final year of compulsory education to undertake a weeks work placement with an employer. This equates to approx 1800 placements arranged per academic year

- **Youth Work at Square 13** - Youth workers work alongside medical team providing 1:1 support, or small group discussions on such topics as pregnancy at young age, contraception, drugs, alcohol, healthy lifestyle. This work seeks to contribute to the decrease of young people infected with STI's

- **Youth Projects (Tilly, Torry and Mastrick) -** offer safe and welcoming environments where local young people can engage with skilled and qualified Youth Work staff. Various groups and services take place, offering development opportunities for individuals and the wider community. An example of this includes Tilly Youth Project's citizenship classes for S3 and S4 pupils at St Machar Academy. The project also works with partners such as Shmutrain and Aberdeen Music Initiative in delivering learning opportunities, qualifications, job search, employment training and music tuition.

Community and Services Capacity Building

As public finance becomes restricted, more emphasis will be require to be placed on local communities taking responsibility for planning and delivering local services. Community capacity building activities are essential to enable this to happen. PBB option ECS1 – C1 Integrated Communities Service will see a greater emphasis placed on this area of work. Examples of work in this area currently being undertaken by the Communities team in Aberdeen include:

- **Community Planning Networks and Community Forums –** these take place mainly in Regeneration areas. Co-ordination of regular meetings of representatives of communities, agencies and services to jointly identify and address local issues.

- **Community Project Partnerships –** these develop in response to local needs and involve services and communities working together to develop and deliver specific physical, social and economic regeneration projects

- **Neighbourhood Community Action Plans –** central portal for annual assessment of community needs and services priorities, and the partnerships and projects that will tackle them over a 12 month cycle.

- **Community Councils -** providing advice, support and training as required to 31 Community Councils across the city.

- **Community Newsletters -** supporting local people, when required, to be involved in the production and circulation of local newsletters, including working in partnership with key agencies such as Station House Media Unit

- **Neighbourhood Bulletins -** Production and circulation of 10 issues across the city, on a quarterly basis, providing local updates to residents, multiagency staff and businesses on community and local service activities, including projects within the Neighbourhood Community Action Plans.

- **Learning Partnerships -** Developing 10 Learning Partnerships across the city to enable schools communities and services to work together to address key priorities e.g. truancy, support to families whose first language is not English.

- **Leased Centres -** Supporting Managing Groups by providing advice and training, as requested, to 24 Leased centres across the city.

- **Tenants' and Residents' Groups -** In conjunction with Tenant Participation Officers, supporting groups with advice, training and access to services

- **Community Centre Management Committees -** Working with locally elected community representatives to oversee and develop community learning programmes in local areas.

- **Staff partnerships –** these are administered to help multiagency staff work together more effectively together, avoid duplication and maximise resources

Adult Learning

Adult Learning in Aberdeen City focuses on local outcome 3 of the SOA: 'people of all ages take an active part in their own learning to achieve their full potential'. Over a 6 month period from January-June 2010, 2016 individuals participated in adult learning activities in the city and 359 undertook literacies learning (figures do not include community training unit figures detailed below). This area of work includes:

- **Family learning** – work with parents of school age children to build confidence and skills, with a view to participants becoming more involved with their children's learning and developing a culture where education and community participation are valued.

- **Community based adult learning classes** – offered across a whole range of subject areas, including health and wellbeing, cultural topics, languages and physical fitness. All adult learning classes aim to create opportunities to participate locally in social, educational and recreational activities, impacting on physical and mental health and building networks within communities.

- **Employability work** – support for individuals to take the first steps towards employment, or to increase potential in current employment, by building skills to match job opportunities. Adult learning tends to work with people who are the furthest from the job market in terms of skills.

- **Core skills** – all adult learning opportunities build participants' core and life skills. Accreditation is also offered in SQA Core Skills units in the areas of Communication, Numeracy, ICT, Working with Others and Problem Solving.

- **Certificated courses** – a wide range of SQA accredited courses is available through our partnership with Aberdeen College, where College tutors deliver in community centres on a curriculum identified by adult learning staff based on local demand.

- **Adult work experience** – offered through the Community Training Unit, this provides work placements for adult returners within a range of local industries. Over a 12 month period, 115 people were helped into employment through this route. Thirty one participants also achieved a qualification through the Confidence to Care course. The Skills Bank service assisted 2,515 people with job searches and 146 people accessed on-line learning through Learn Direct.

- **Adult Literacies -** is central to all adult learning, but is also a specific part of the Service, offering specialist learning opportunities in a wide range of literacies activities, including family literacy, offender literacy, workplace literacy, health literacy and financial literacy. Literacies work helps participants to improve family, work and personal lives by undertaking everyday tasks with more confidence; to improve opportunities to find employment; to better understand issues affecting health and finances; and to participate in local democracy.

- **English for Speakers of Other Languages (ESOL)** –provides learning opportunities for new Scottish residents to acquire English language skills to enable them to integrate fully into their new community, to undertake everyday tasks and to participate in the workplace.

Health and Well Being

This includes drugs and alcohol related education and support, support to self-help groups e.g. autism awareness association and smoking cessation. It also includes regeneration projects to improve local access to active lifestyles. Examples of ongoing work in this area include:

- **Healthy Minds Team** - The Healthy Minds team assist adults in recovery of mental health problems to access learning and leisure opportunities within Aberdeen City. The team provides first step groups across the city such as computing, photography, cooking, sport and music as well as signposting to other community groups. As part of their role the team also raise awareness across the city about mental health by hosting fairs, organising information stalls, working in partnership and taking part in national events.

- **Openspace regeneration** - encourages greater intergenerational use of sites through innovative site based work, events and new facilities

Under 5's

A wide variety of opportunities have been developed throughout the city providing parents with an opportunity to play with their children and learn new skills. All types of play are crucial for children's development and early learning. Play helps children to: improve physical skills and co-ordination; work co-operatively and collaboratively; use all their senses to discover and explore their environment; and develop their imagination, creative thinking and ability to problem solve. Parents and carers are supported to be involved in the planning and delivery of activities for Under 5s. Funding comes from a variety of sources including grant aid, targeted funding and self financing by the parents. The parents are also involved in fundraising for equipment and staff where required.

- **Parents as Early Educational Partners (PEEP)** - aims to contribute towards improving the life chances of children, particularly in disadvantaged areas. The scheme supports parents and carers as their children's first and most important educators. PEEP is an early learning intervention, which aims to contribute towards improving the life chances of children, particularly in disadvantaged areas. It concentrates on supporting parents/carers to develop literacy and numeracy and self-esteem with their children.

- **Site based projects** - improve the provision of outdoor under 5's and family play facilities

2.2 Benefits of delivering these services:

Effective practice in adult learning, youth work and capacity building develops individual self-confidence and core skills such as working with others, communication and problem solving. Particularly in youth work, and to a lesser extent in adult learning, there is a need for better use of assessment to ensure that participants can identify and build on their learning experiences. Family learning programmes are increasing and are effective in developing interest and aptitude among parents, carers and children in early literacy activities and in supporting the work of nurseries and primary schools.

Community (residents and businesses) involvement in physical, social and economic regeneration projects, alongside service representatives, achieves physical improvements and much needed external investment in areas as well as improving community cohesion.

An emerging feature of the communities service is the positive impact of a range of provision for adults on their mental health and wellbeing. Citizenship activities, such as youth forums or youth conferences, often result in young people taking more active roles in their communities and advocating on behalf of other young people. CLD providers and Neighbourhood Planning Officers work together to support communities to engage with community planning and achieve tangible, visible community improvements. The most significant outcome from this work is a sense of community ownership of new developments, improved community cohesion and considerable pride in achievements.

2.2.1 Examples of benefits include:

Young people campaigning for a local skatepark may become better at working together: A young person who can work well with other people will be more likely to get a job and sustain personal and working relationships

A network of community groups in a local area might take action together on the issues that are important to them: Community groups which work together can use their influence on local services to improve services in their area, as well as work in partnership with services to plan, secure funding and deliver improvements to local quality of life.

Criminal Justice Literacies - One learner on bail avoided imprisonment, attributed in court to his dedicated involvement with Adult Learning. He'd evidenced that he had turned his life around and the saving to society on this individual alone is between £40.000 and £250,000 per year. This individual has now been in full time employment for over 6 months.

Adult learners taking part in a literacy group are likely to become more confident as well as improving their reading, writing and comprehension of everyday English. They may also achieve an accredited award. This in turn can lead to increased employability skills, increased understanding of health issues, more involvement with their children's education and greater participation in local democracy. (Statistics relating to achievements in adult learning are shown in Appendix 1.)

2.2.2 Service Outcomes

Outcomes relate to the economy and employment, to learning and education, to local area regeneration and to getting involved in democracy. This are-

- Increased attainment in core subjects/core skills
- Increased transferrable employability skills

- Increased achievement or qualifications
- Increased participation and citizenship through democratic engagement and voluntary contribution
- Physical regeneration projects and associated social and economic benefits
- Neighbourhood Community Action Plans – providing a platform for resolving community needs
- More people gain and sustain employment or are supported into volunteering
- Communities empowered to manage and deliver services themselves and to shape other services
- Strong organisations able to participate in decision making
- Organisations represent the communities' diversity including equalities and inclusion.
- Individuals have the skills, information and abilities to take greater control of their lives and make positive contributions in their communities and to the local economy.
- More cohesive communities.

2.3   Benchmarking with other Local Authorities

CIPFA Actual Spend Data for Community Learning & Development services show that Aberdeen City Council expenditure on Community Learning compares with other Local Authorities as follows:

Local Authority	Total Spend 08/09 (Actual) £,000	Est Annual Spend per head of population £
Aberdeen City Council	5302	25
Dundee City Council	12581	88
Edinburgh City Council	12802	27
South Ayrshire Council	2854	26
Renfrewshire Council	3148	19
Argyll and Bute Council	2240	25

The above benchmarking information demonstrates that spend on Community Learning within Aberdeen City Council is broadly similar to other comparable local authorities with the exception of Dundee City Council which spends over three times as much on this service as Aberdeen City Council.

Performance of the service is measured nationally via the HMIe scheme of inspections. Analysis of Aberdeen City Council's scorings for learning communities show that our results tend to sit around the top third of all assessed Scottish learning communities. Inspections focus on four quality indicators which show the impact of community learning and development services on adults young people and community groups, as well as the capacity to measure and evaluate performance with partner agencies.

2.4   Budget Implications – income to city:

A key aspect of the work of the Communities team is to attract funding into the City – either directly or in partnership with other bodies. While the amounts of funding will vary due to current workload and opportunities available, the team attracts approximately £X million of external funding into Aberdeen City, and ensures that approximately £X million of internal non-ring fenced money is used to support and develop local communities.

Appendix 2 lists some examples of funding that has been attracted by the Communities team and how it has been used. This list does not include major capital projects such as Woodside Fountain Centre (£2,000,000), a key, multi partner community facility, the development of which was led by the Communities team. It also does not include projects such as the Duthie Park initiative which recently secured £2.5million of Heritage Lottery Funding - Neighbourhood planning had an instrumental role in pulling together, setting up and capacity building a "Friends of Duthie Park" group. Due to this group existing and functioning well together, a successful application was delivered to secure this important funding for the City.

Other examples include:

- **Mastrick Town Centre Regeneration** - Successful bid for over £360,000 from the Scottish Government's Town Centre Regeneration Fund and other funders to create a thriving, sustainable, civic space for shoppers and retailers and to make the shopping centre safer, cleaner and more attractive to everyone. Bid was co-ordinated by the local Neighbourhood Community Planning Officer in partnership with local community groups supported by the local Principal Community Learning Worker. Additional funding of £26,000 was secured with the help of the Principal Community Learning Worker to develop and improve the play area adjacent to the shopping precinct.

- **Community Food and Health (Scotland)** - Mastrick Young Peoples Project successfully applied to the above initiative and received just under £2,000 to deliver a series of healthy eating initiatives with a group of local girls from the Summerhill, Mastrick and Sheddocksley areas. Funding enabled the delivery of cooking lessons, access to a locally run ReHIS course and the purchase of some additional cooking utensils for the local drop in youth café.

- **Northfield Playscheme** - Community Learning and Development support around 10 local people to run a voluntary Summer Playscheme for local children. For 4 weeks twice weekly day trips are organized for primary age children to venues across the country (Edinburgh Zoo to Aden Country Park). Around 80 children participate in each trip (560+ attendances); funding of around £3000 is raised from a variety of sources; around 1200 hours of volunteering (value £12000+); many volunteers progress to employment or further education.

- **Northfield SkatePark Initiative** - Received £4691 from Cashback for Communities. The success of this initiative depended on Community Learning and Development youth workers engaging young people in a programme to develop skills in skatepark activities; TransitionExtreme provided skills training and some young people received additional training as 'peer leaders' and in looking after facility. Impact - 20 young people participating in weekly skatepark sessions; 7 peer leaderswho took responsibility for ongoing care and development of skate park; Increased usage of skatepark during week as constructive activity; Most young people reported increased skills; Some young people reported increased self confidence and developed transferable skills

- **Fire Football** - Community Learning and Development in partnership with Community Wardens, Grampian Fire & Rescue and Grampian Police worked with local young people one evening per week to tackle the issue of willful fire raising. This is done through weekly football sessions held at a time identified as a specific problem. 50 young people participate weekly. Grampian Fire & Rescue have reported a dramatic downturn in willful fire raising across the Northfield area since the inception of the programme Funding obtained through local businesses £1,200.

- **Drugs Action Outreach** - Community Learning and Development work with Aberdeen Drugs Action to promote and develop weekly local advice/needle exchange services in Mastrick and Northfield. Community Learning and Development staff support and encourage young people/adults to use drugs service and Drug workers signpost to youth work and adult learning opportunities. ADA provide training for youth workers and other staff. Significant reduction in discarded needles.

- **Westerton Park Revival Project -** - Following a neighbourhood planning consultation event, the local community prioritised Westerton Park for regeneration and investment. City Council Services (Neighbourhood Planning and Landscape Services) and Aberdeen Greenspace worked up an initial site plan and secured Westerton as a pilot site for Aberdeen Play Forum come and play initiative (a play development worker runs sessions on site weekly with children and family groups). Subsequent public consultations were supported by Northfield Community Learning and Development Team and Aberdeen Greenspace and local park champions. As a result, an improvement plan, costed at £70,000 was identified including reinstatement of football pitch, multisports goals, refurbishment of play facilities and introduction of new equipment, seating and landscaping and path improvements and an adult gym. Funding secured - to date £58,000.

- **ARAMARK** - The largest Facilities Management Organisation in the world provided up to £30,000 worth of materials and staff time to work in partnership with local people from Northfield to renovate building. Staff from ARAMARK have now volunteered to run classes on various topics including healthy eating resulting in further saving in staffing budgets. In the process of negotiating employment opportunities within the company for young people from the Northfield area. This is led by Community Learning & Development staff who are looking at other possible developments with the private sector.

2.5 Issue or Opportunity

As a result of the three neighbourhood (North, Central and South area) services and the strategic leadership service coming together, there are opportunities to streamline the service through the integration and restructure of the service. These changes will deliver £1.1million of savings to the Council, without significantly reducing frontline outcomes.

While the new integrated structure will be significantly slimmer than the current structure, it is not anticipated that any of the activities currently delivered will cease. However the focus of the service will shift to be more an enabling service. This will see significantly more emphasis than present placed on developing sustainable means of delivering the service, include building capacity within community groups and organisations so that local communities are supported to plan and deliver local services to local people.

However, it may be that during the period of change, the spread of the outcomes will decrease. Also as support will be primarily targeted in regeneration areas, there may be less support than present available for non-regeneration areas.

A draft structure is attached at Appendix 4.

2.6 Business Need

2.6.1 Legal Requirement to deliver Communities Team services.

Legislation for Education in Scotland provides significant powers to local authorities in relation to the adult learning and youth work roles of CLD. These include powers to secure the delivery of adult learning and youth work provision by others.

The duties of local authorities in these areas are limited. Nonetheless there is a significant duty to secure adequate and efficient provision of voluntary, part-time and full-time courses of instruction for persons over school age and social, cultural and recreative activities. The duty to provide further education, which these provisions fall within, is placed alongside the equivalent duty for school education.

In relation to these powers in Section 6 of the Education (Scotland) Act 1980, education authorities are given a duty to co-operate "as far as practicable" with (other) local authorities, "voluntary societies" and other bodies; and a further power to assist any body whose objects include the provision or promotion of social, cultural and recreative activities and physical education and training, or facilities for these.

The duty to promote social welfare is stipulated in the Social Work (Scotland) Act 1988. This is a key role of the communities team.

Section 15(10) of the Local Government (Scotland) Act 2003 requires local authorities to consult and co-operate with "community bodies", while section 15(2) requires them to invite and encourage community bodies to participate in community planning. Section 16(2) places a duty on other bodies required to participate in community planning to assist the local authority in this role as facilitator. This is a key function of neighbourhood planning and community learning and development under community capacity building.

In relation to neighbourhood planning, Aberdeen City Council's Corporate Policy and Performance Committee's orders of reference include

- To develop and approve corporate policy and strategies including partnership working.
- To oversee the community planning process.
- To agree and monitor neighbourhood community action plans.
- To ensure involvement of community, neighbourhood networks and partners in Committee decision making

Under the heading of "Supporting the Process" (of community engagement), the Statutory Guidance emphasises the importance for effective community engagement of building the capacity of communities:

"Building social capital – the motivation, network, knowledge, confidence and skills – within communities should be an integral part of achieving more effective community engagement. Local authorities, in conjunction with other community planning partners, should provide support to community and voluntary

bodies to facilitate community engagement in the community planning process to those communities most in need. Support given should respect the independence of these bodies."

It then immediately goes on to refer to the role of CLD in this context:

"CLD can play a central role in supporting the engagement of communities (including young people) in the community planning process…Support will also be provided by CLD partnerships to assist community bodies to develop their own ideas for their community including education and training support – this support will be targeted towards disadvantaged communities. CLD partnerships provide one important means of engagement for community planning partnerships."

Section 16(8) of the Act requires Scottish Ministers, when discharging any of their functions, to promote and encourage community planning. Given that one of the two main aims of community planning is "making sure people and communities are genuinely engaged in the decisions made on public services which affect them" this duty placed on Scottish Ministers can be seen as relevant to CLD.

The document "Working and Learning Together to Build Stronger Communities" (WALT) 2004 is described as "guidance" which replaces a previous Scottish Office Circular (4.99). The Education Scotland Act 1980 as amended by the Further and Higher Education (Scotland) Act 1992 provides the legislative base that enabled Ministers to issue Circular 4.99, and so appears to continue to provide the legislative base for WALT.

WALT describes Community Learning and Development as "a way of working with and supporting communities…..central to 'social capital' – a way of working with communities to increase the skills, confidence, networks and resources they need to tackle problems and grasp opportunities."

WALT notes that Community Learning & Development contributes to:
- Lifelong learning
- Community Regeneration
- National Priorities for Education
- Targeting activity to work with excluded and disadvantaged people
- Helping agencies and partnerships to work with communities as an important part of community planning and service planning
- Developing active citizenship
- Building Stronger Communties
- Supporting personal development across all age groups and building community capacity

Social Capital Outcomes include working with excluded and disadvantage individuals, groups and communities to achieve:
- More organised and influential communities
- More skilled communities with better access to education
- Communities with better access to resources and more control over assets
- More inclusive communities with wider involvement

2.6.2   Child Poverty:

Guidance for Community Planning Partnerships on community learning and development and the subsequent Joint Scottish Government and COSLA Statement on Community Learning and Development (CLD). recognises the contribution that CLD can make to giving children the best start in life, in particular through work with their parents, others who care for them and the wider community that contribute to children's earliest experiences. This can take the form of: community development; empowering groups to make things happen on their own terms; adult learning in communities, helping people to take the first steps back into learning or to access and sustain employment or working with young people to help their personal, social and educational development.

2.7   Strategic Fit

CLD and neighbourhood planning in Aberdeen are important in delivering on a number of key local and national strategies:

- Aberdeen Learning Strategy
- Early Years Strategy

- Aberdeen Alcohol and Drugs Strategy (draft)
- Curriculum for Excellence
- Skills Strategy
- Literacies Strategy
- Equally Well
- Workforce plus – an employability framework for Scotland
- Getting it Right For Every Child
- More Choices More Chances : a strategy to reduce the proportion of young people not in education, employment or training in Scotland, including 16+ Learning Choices
- Skills for Scotland : a Lifelong Learning skills strategy
  Working and Learning Together (WALT)
  Adult ESOL (English for Speakers of other languages)
- Life Through Learning: Learning Through Life and the emerging skills strategy;
- Scotland's regeneration strategy, People and Place
- Moving Forward – the recently published national youth work strategy
- Neighbourhood Community Action Plans
- Aberdeen City Council Regeneration Strategy
- Aberdeen City Council Open Space Strategy

2.8   Conclusions

The integration of the service will ensure that the key legislative and strategic requirements continue to be met in Aberdeen.

3.   Description of Project

3.1   Objectives

The objective of this project is to move from the current management structure, which is complicated and linked to a previous City Council structure which is no longer in operation, to a slim, efficient, modern and focused service structure.

This will involve the disestablishment of around 70% of the current managerial posts and a small reduction in the number of front line posts. The process used to fill the new posts will be the Council's Job Matching Procedure.

The project will include developing exit strategies for the "Head of Establishment" role which is currently included with the job description of Principal Community Learning Workers.

3.2   Scope

The scope of the project is limited to the Communities team within the Education, Culture & Sport Directorate, however it will impact on all other services within the Council, and many partnership agencies. Therefore a high level of communication will be required both within and outwith the service.

3.3   Out of Scope

Define any key areas that may be viewed as associated with the project, but which management feels should be excluded from scope.

3.4   Timeline

The project plan including timeline is attached at appendix 3 of this report.

3.5   Outcomes

The outputs of the project will be the implementation of a new Integrated Communities team of staff. Longer term outcomes will include communities will greater capacity, willingness and opportunity to plan and deliver activities and services needed in communities, by communities.

3.6 Stakeholders

Those affected in achieving the goals are –
- Citizens of Aberdeen
- Council and supported project staff
  - Education, Culture & Sport Staff
  - Health & Wellbeing
  - Corporate Governance
  - Housing and Environment
  - Enterprise, Planning & Infrastructure
- Centre Management Committees
- Police
- Health Service
- Higher/ Further Education
  - Aberdeen College
- Fire Service
- Third Sector
  - AVCO
- Leased Community Centres
- Community Planning partners
- Private sector
- Trade Unions
- Scottish Government

The project's communication strategy will set out how these stakeholders will be engaged with during and after the project.

5. Risks and Constraints

5.1 Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Aberdeen Locality Forum does not support the proposed changes in relation to the current posts of Neighbourhood Community Planning Officer		Education, Culture & Sport	14/1/11	Low	Low		Discuss proposals with Aberdeen Locality Forum to listen to any concerns and discuss how these concerns may be mitigated.
	Confusion by local groups/ stakeholders of new roles and responsibilities		Education, Culture & Sport	14/1/11	Low	Low		Communication Strategy. A clear management structure.

Staff disengagement		Education, Culture & Sport	14/1/11	High	Medium		Robust communications strategy. Involvement of staff within development process.
Trade Union Dispute		Education, Culture & Sport	14/1/11	High	Medium		Robust communications strategy. Involvement of staff & Trade unions within development process.
Project being delayed due to appeals		Education, Culture & Sport	14/1/11	High	Medium		Undertaking a clear and transparent matching process.

6. Options

Option 1 – Status Quo – would mean that service is not delivered as efficiently as it could be. Current structures are complex.

Option 2 – Implement Integrated Service.

6.1 Recommended Option

It is recommended that the service is re-engineered as described above.

7. Cost and Benefits Analysis

7.1   Cost and Benefits Analysis

7.2   Expected Costs

•

7.3   Expected benefits

•

8. Investment Appraisal

8.1   Note on investment appraisal measures

8.2   Note of caution on investment appraisal

The investment appraisal should be carried out by someone with the appropriate expertise in financial analysis and ideally a qualified accountant at the Council. Although the investment appraisal template can be completed by all users, there are aspects which require additional experience, such as the treatment of capital expenditure and any other accounting policies to adhere to when developing the appraisal. In addition, any client standards regarding cost of capital (discount factor) and timeframes allowed for appraisals need to be considered.

9. Recommendations

9.1   Key Recommendations

It is recommended that the alternative PBB option ECS1 – C1 "Integrated Communities Service" option is taken. This will ensure that Aberdeen City Council continues to deliver its legislative requirements and strategic objectives; significantly reduces the cost of delivering this service; has in place a modern and efficient service well set up to support and enable local communities to plan and deliver local services into the future.

9.2   Assumptions and Dependencies

•   It is assumed that there will be political support for this proposal.

10. Implementation Approach

•   A Project Implementation Team is currently functional comprising of officers within the service at different levels of the organisation and with different specialisms. The project manager for this team reports to the Education, Culture and Sport Senior Management Team at key milestones of the project.

•   Project implementation phases – As per the project plan (Appendix 3)

•   The milestone plan and outcomes including the dates to accomplish – As per the project plan (Appendix 3)

11. Appendices

Appendix 1 - Statistics relating to achievements in adult learning

Report on Adult Learning Provision through Aberdeen City Council Community Learning and Development

In the period January 2010 to June 2010 there were 2375 individual participants accessing Adult Learning provision, and 3018 enrolments on 400 courses. Of these there were:

416	(14%)	enrolled on activities that improve literacy and numeracy
190	(6%)	enrolled on activities that prepared them for further training or college
329	(11%)	enrolled on activities that improve employability
266	(9%)	enrolled on that support them to become more active in the local community.
939	(31%)	enrolled on activities that improved their confidence
414	(14%)	enrolled on activities that improve parenting skills (to help support children with learning)
358	(12%)	enrolled on activities in Family Learning (organised by the Family Learning Team)
475	(15%)	enrolled on activities living in Aberdeen in most deprived 15% of Scottish datazones (342, 14% individual participants)

705 participants have returned evaluations of their learning. They report that as a result of their involvement:

81	(11%)	thought their readiness for further learning had improved
283	(40%)	thought their reading, writing and number work had improved
516	(73%)	thought their confidence had improved
264	(37%)	thought their parenting had improved (better prepared to help children with learning)
529	(75%)	thought course had fully or partly achieved stated aims
181	(26%)	thought their employability had improved
402	(57%)	participants stated that the course had made a difference to their life
552	(78%)	participants responded that their knowledge and skills had improved

Summary Data (Based on 2163 individual participants

Participants by provider:

Provider	Participants	Enrolments
CL&D (Adult Learning)	1624	1890
CL&D (Literacies)	359	416
CL&D (Capacity Building)	218	241
FE College*	294	367
Voluntary Sector	11	11
Other Partner	4	4
Other	49	49
No provider indicated	40	40
TOTAL	**2599**	**3018**

All ACC CL&D Adult Learning	**2375**	**3018**

*significantly underreported (difficulties in obtaining participant data from College).

Ethnic Origin

Ethnic Origin	Participants	%
African	19	1%
American	5	0%
Arabic	19	1%
Asian Bangladeshi	16	1%
Asian Chinese	18	1%
Asian Indian	5	0%
Asian Other	29	1%
Asian Pakistani	5	0%
Australasian	3	0%
Caribbean	1	0%
European English	61	3%
European Irish	10	0%
European Northern Irish	3	0%
European Other	110	5%
European Scottish	1388	58%
No Ethnic Declaration	653	27%
Other Ethnic Background	30	1%
TOTAL	**2375**	**100%**

Gender

Gender	Participants	%
Female	1726	73%
Male	586	25%
No declaration	63	3%
Total	**2375**	**100%**

Age

Age	Participants	%
Under 16	13	1%
16 - 24	143	6%
25 - 39	623	26%
40 - 49	318	13%
50+	1062	45%
No declaration	216	9%
Total	**2375**	**100%**

Datazone information

Neighbourhood	Datazone Area	Participants	%
City Centre (C12)	S01000098	7	0%
Cummings Park (N11)	S01000181	10	0%
Cummings Park (N11)	S01000189	14	0%
George Street (C8)	S01000135	3	0%
Mastrick (N13)	S01000148	13	0%
Middlefield (N8)	S01000198	16	1%
Middlefield (N8)	S01000208	19	1%
Middlefield (N8)	S01000209	37	1%
Northfield (N10)	S01000193	13	0%
Northfield (N10)	S01000196	14	0%
Seaton (C3)	S01000179	9	0%
Seaton (C3)	S01000207	9	0%
Stockethill (C6)	S01000157	11	0%
Tillydrone (C1)	S01000195	10	0%
Tillydrone (C1)	S01000203	13	0%
Tillydrone (C1)	S01000211	16	1%
Tillydrone (C1)	S01000217	12	0%
Tillydrone (C1)	S01000219	8	0%
Torry (S8)	S01000052	5	0%
Torry (S8)	S01000055	17	1%
Torry (S8)	S01000057	10	0%
Torry (S8)	S01000060	13	0%
Torry (S8)	S01000071	18	1%
Torry (S8)	S01000074	17	1%
Woodside (C4)	S01000194	11	0%
Woodside (C4)	S01000199	9	0%
Woodside (C4)	S01000210	8	0%
Total		**342**	**14%**

Appendix 2 – Examples Income streams attracted to communities as a result of the work of the Communities Team

[excel spreadsheet]

Appendix 3 – Project Plan

[PDF]

Appendix 4 – Draft Structures

[PDF x 4]

Aberdeen City Council

Priority Based Budgeting
Business Cases ECS_E12 & ECS_E37
Delivery Models for Music Service

Contents

Document Control

Document Owner

Owner	Derek Samson

Document Approvals

Name	Signature	Title	Date	Version
David Leng		Head of Schools		

Document Distribution

Name	Title	Date	Version
Annette Bruton	Director		
David Leng	Head of Schools		
Charlie Penman	Head of Education Development Policy and Performance		
Sandy McPhee	DEM Co-ordinator		
Ken McLeod	Music Coordinator		
Anne Darling, Val Steele, Penny Morton, Neil Hendry, Lynn Scanlon	Quality Improvement Officers		

1. Executive Summary

1.1 Description

Existing service delivers music tuition to pupils in primary and secondary schools. The service is staffed with qualified Music Instructors who are salaried employees of Aberdeen City Council.

There is a significant cost incurred by this non-statutory service and as a result, other options for service delivery have to be considered. There is considerable merit in retaining service delivery as it enhances the city's reputation locally and more widely as well as benefits a number of pupils. It would be desirable to continue to provide tuition but at a more affordable cost.

Key stakeholders are Music Coordinator, Music Instructors, pupils in receipt of tuition, parents/carers of these pupils.

Expected outcome is to provide a preferred option which provides a service of an appropriate quality and at a reduced cost.

1.2 Benefits

Key benefits are financial as there will be a reduction in revenue cost of service delivery whilst retaining service delivery.

1.3 Costs

Option 1. Discontinuation of Service (PBB Option 12)

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	627,000	92,000	92,000	92,000	92,000	995,000
TOTAL (A)	627,000	92,000	92,000	92,000	92,000	995,000
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	627,000	92,000	92,000	92,000	92,000	995,000
Benefits						
One off benefits						
On-going benefits	1,338,000	1,338,000	1,338,000	1,338,000	1,338,000	6,690,000
TOTAL (C)	1,338,000	1,338,000	1,338,000	1,338,000	1,338,000	6,690,000
NET BENEFIT (C-(A+B))	711,000	1,246,000	1,246,000	1,246,000	1,246,000	5,695,000

The above shows the costs over 5 years of implementing the proposal. Costs in Year 1 are redundancy costs. Costs in Years 2-5 are recurrent pension costs.

Option 2. Change in service delivery with commissioning of instructors (PBB Option 37)

The costings of the full year budget are based on 2010/11 budgets which is currently £1338k.

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	627	0	0	0	0	
TOTAL (A)	627,000	0	0	0	0	627,000
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)	627,000	0	0	0	0	627,000
TOTAL (A+B)						
Benefits						
One off benefits						
On-going benefits	530,000	796,000	796,000	796,000	796,000	3,714,000
TOTAL (C)						
NET BENEFIT (C-(A+B))	-97,000	796,000	796,000	796,000	796,000	3,087,000

In changing the delivery model there is a requirement to remove all salary costs of Music Instructors in Year 1. Thereafter the recurring costs will be the salary costs of administering the service, costs of maintaining the music centre and provision of means tested grant. This will achieve a saving of £796k from year 2 onwards.

3. ALTERNATIVE OPTION – CHANGE OF DELIVERY MODEL

The costings of the full year budget are based on 2010/11 budgets which is currently £1338k

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	54,000	0	0	0	0	

TOTAL (A)	54,000	0	0	0	0	54,000
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	**54,000**	**0**	**0**	**0**	**0**	**54,000**
Benefits						
One off benefits						
On-going benefits	233,000	350,000	350,000	350,000	350,000	1,633,000
TOTAL (C)	233,000	350,000	350,000	350,000	350,000	1,633,000
NET BENEFIT (C-(A+B))	179,000	350,000	350,000	350,000	350,000	1,579,000

In changing the delivery model there will be a reduction in salary costs in Year 1 with an associated redundancy cost of £54k. A reduction in Admin, transport etc from £96k full year to £46k full year in year 2. Assume that the running costs of the orchestra are contained within the Music Service. An increase in income is on fees full year of £150k.   It may be possible in future years to make more efficiency savings/redundancies though group tuition as opposed to individual tuition and increasing the fees further. Assumed that the discretionary grants and orchestra running costs of £400k are not included in this option that has previously been included in 2 above.

Further additional savings could be realised by:
- a further reduction in the number of music instructors, which could be achieved through redundancy, voluntary severance or natural wastage
- an additional increase in charges
- Amendment of management structure to align the Music Service and Music School (at Dyce Academy).

The above measures would realise a total full year saving of **£530,000** in year two and in each subsequent year.

4. ALTERNATIVE OPTION – EXTERNAL PROVIDER

The costings of the full year budget are based on 2010/11 budgets which is currently £1338k

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	189	0	0	0	0	
TOTAL (A)	189,000	0	0	0	0	189,000
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	**189,000**	**0**	**0**	**0**	**0**	**189,000**
Benefits						
One off benefits						
On-going benefits	350,000	525,000	525,000	525,000	525,000	2,450,000
TOTAL (C)						
NET BENEFIT (C-(A+B))	161,000	525,000	525,000	525,000	525,000	2,261,000

It has been assumed that the cost of the Music Instructors has been reduced by 25% and that the Admin staff will not be retained but that the cost of paying the external provider to run the service will be £90k. Admin and running costs have been retained at their current levels. Included is £300k for discretionary grants to pupils on a means tested basis. It is assumed that the orchestra running costs will remain within the Music Service. Income on fees has been increased by 25%.

1.4   Investment Appraisal

1.5   Recommendation

The preferred option is to retain the service but to reduce expenditure and increase income. A saving of £350,000 would be achieved under Option 3 (a).

Further savings of £180,000 (totalling £530,000) could be achieved by further increases in fees and more group lessons being provided, rather than individual tuition. This would require further reduction in tutor numbers and amalgamating management of the music service and the Music School. Further work on these aspects is required to clarify potential savings.

Retaining this valued service would have broad public support and overall, the recommended option is 3(b).

1.6   Consequences of not undertaking the project

Continued significant financial expenditure on non-statutory service resulting in savings in other parts of the service. Some service users may feel that sustaining this service would be at the expense of making savings which affect more vulnerable families.

2.   Background

2.1   Current Situation and Business Need

The overall net operation costs are £1.338 million, delivering the service to just over 3000 pupils in a variety of modes of delivery.

Income is generated by fee collection from pupils receiving in-school tuition and the service is in receipt of a Scottish Government Grant (Youth Music Initiative).

2.2   Issue or Opportunity

The main issue is the cost of service delivery and the fact that this is a non-statutory service which is utilised by a relatively small number of pupils.

There is widespread support for the service. Its retention, at a lower cost, is desirable.

3.   Description

3.1   Objectives

Retention of service delivery is to be at a lower cost to the council. There may be a reduction in the perceived quality of service if, for example, costs are reduced by having more group tuition sessions as opposed to the current prevalence of individual lessons.

3.2   Scope

Project delivery is possible by August 2011. Directorates involved are Education Culture & Sport and Corporate Governance.

3.3   Out of Scope

None

3.4   Timeline

Implementation plan to be developed to meet August 2011 deadline.

3.5   Outcomes

Define project outcomes and the estimated completion date. Describe the outcomes of the project for each component of "SMART" i.e., Specific, Measurable, Achievable, Realistic, and Time specific.

3.6   Stakeholders

Key interested parties: music service staff, pupils, parents, elected members, general public.

Document project stakeholders at a high level: Music Coordinator, Music Instructors, pupils in receipt of tuition, parents/carers of these pupils.

Communications Plan to be developed through corporate communications.

4.   Business Need and Strategic Fit

4.1   Business Need and Strategic Fit

5.   Risks and Constraints

5.1   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation

6. Options

6.1 Option 1. Discontinuation of Service (PBB Option 12)

Closure of the service would remove access for pupils to music tuition provided by the local authority. In the first year, this could potentially result in savings of £841,000 in year one, £1,098,000 in year two and full savings of £1,388,000 in subsequent years, assuming no inflationary costs.
This option carries significant negative reputational risks for the council.

6.2 Option 2. Change in service delivery with commissioning of instructors (PBB Option 37)

Re-organise service delivery model by no longer employing music instructors and by providing a brokering/advice service for parents. Parents would be able to buy music tuition directly from freelance musicians offering instrumental tuition. To support this, a time-tabling service to allow some of this activity to happen during school time would be provided. It would be necessary to retain the means tested grant scheme to continue to support children and young people from low income families in their access to instruction.

It is proposed to maintain the Music Centre provision that enables performance opportunities for Children and Young People, mainly at the end of the school day and Saturdays.

The total savings in year one and each subsequent year would be £796,000
.

6.3 Option 3 – ALTERNATIVE OPTION – CHANGE OF DELIVERY MODEL

Increase tuition fees would generate an increase in income of £150,000.

- 20% increase to individual lessons and no increase to group lesson charges. Fee payment would be made upfront and will include the lesson fee, the hire of the instrument, free access to all Music Centre and extra curricular activities in school.
- Efficiency savings of £50,000.
  Savings have been identified from the total Music Centre budget, which will be achieved by staff and administration changes
- Reduction in staff numbers
  £150,000 could be saved by reducing music instructor numbers by 10% - a total of 3.6 FTE. The impact on the Service would be minimal since an increase of 10% in pupil numbers would be introduced for every instructor. The reduction in instructor numbers may be achieved by voluntary severance/early retirement means but if this was not possible then compulsory redundancies may be necessary.
- The free tuition presently given to pupils whose parents are on Income Support would continue.
- The rebate scheme for 2nd and 3rd children in a family accessing tuition would continue.
- Free tuition for the first year would continue since this is achieved by the ring fenced Youth Music Initiative grant administered by Creative Scotland.
- There may be a resultant decrease in fee income as group tuition would be provided at a lower cost per pupil and some parents/carers may withdraw their children as they may see this as a diminution in service quality.

The above measures would realise a total full year saving of £350,000 in year one and in each subsequent year.

The total value of this option would not realise the full agreed savings for the service.

Further additional savings could be realised by:
- a further reduction in the number of music instructors, which could be achieved through redundancy, voluntary severance or natural wastage
- an additional increase in charges
- Amendment of management structure to align the Music Service and Music School (at Dyce Academy).

The above measures would realise a total full year saving of **£530,000** in year one and in each subsequent year.

The total value of this option would not realise the full agreed savings for the service.

6.4. **Option 4 ALTERNATIVE OPTION – EXTERNAL PROVIDER**

Contract service out to external service provider

External service provider would:
1. continue to use centres/equipment/facilities etc at no cost to external service provider.
2. increase fees by approximately 25%;
3. introduce more cost-effective group tuition
4. reduce the costs of tutors by approximately 25% (either by less tutors, or less wages & expenses, or replacing all tutors with their own (who may well include some of the existing staff re-employed by them on new terms).
5. assume the continued support from Scottish Government's Youth Music Initiative at £200K (or more)

Assuming all of this, external service provider could make a saving for the City Council £525,000 in year one and in each subsequent year.

The total value of this option would not realise the full agreed savings for the service.

6.4 **Recommended Option –** Option 3 including the further additional savings to realise a total Year 1 saving of £530,000 and in each subsequent year.

7. Cost and Benefits Analysis

7.1   Cost and Benefits Analysis

7.2   Expected Costs

•

7.3   Expected benefits

8. Investment Appraisal

9. Recommendations

9.1   Key Recommendations

9.2   Assumptions and Dependencies

10. Implementation Approach

11. Appendices

M E M O

Education, Culture and Sport

5th Floor, St Nicholas House

To	Rhona Atkinson, Project Manager, Costed Business Plan		
	Spring Garden		
From	David Leng, Head of Schools and Education Establishments		
Email	dleng@aberdeencity.gov.uk	Date	25th January 2011
Tel.	01224 523517	Our Ref.	DL/SG
Fax.	01224 522022	Your Ref.	

PBB Business Cases for Amber Options

Rhona

The ECS SMT have agreed that we will not be providing detailed business cases for the following PBB amber options:-

ECS E6	Increase teaching time to match pupil time in primary schools
ECS E26	Increase teaching time to match pupil time in secondary schools
ECS E39	Remove budgeted pay award (teachers) to reflect any future national agreement

The reasons are as follows:-

ECS E6 and E26 - These options are dependent on national agreements for teachers. The Cabinet Secretary for Education has commissioned a review of teachers pay and conditions which will commence in March 2011 and report 6 months later. Until the details of this review are known we are not able to proceed with this option or provide any more detailed analysis in the form of a business case.

ECS E39 – This option is dependent on the national pay award for teachers. This is negotiated by the SNCT (Scottish Negotiating Committee for Teachers) and although early indications are that they may recommend a pay freeze this has not been confirmed. Therefore until the national pay award is agreed we are not able to proceed with this option or provide any more detailed analysis in the form of a business case.

Both these options had been identified as at risk for these very reasons. I trust this clarifies our position.

David Leng
Head of Schools and Education Establishments

Aberdeen City Council

Priority Based Budgeting
Business Case ECS E9a
Secondary School Estate - close 2 schools

Contents

Document Control

Document Owner

Owner	Derek Samson

Document Approvals

Name	Signature	Title	Date	Version
David Leng		Head of Schools		

Document Distribution

Name	Title	Date	Version
Annette Bruton	Director		
David Leng	Head of Schools		
Charlie Penman	Head of Education Development Policy and Performance		
Sandy McPhee	DEM Co-ordinator		
Anne Darling, Val Steele, Penny Morton, Neil Hendry, Lynn Scanlon	Quality Improvement Officers		

1. Executive Summary

1.1 Description

Secondary School Estate - close two schools

The current secondary school estate consists of twelve schools, each with associated primary schools.

There is significant over-capacity in secondary schools results in inefficiencies in staffing and service delivery. Several schools are relatively expensive to run and maintain. Small schools offer limited curricular choice and there is educational advantage in larger schools.

Closing two schools would provide a more manageable school estate in which larger schools would provide better curricular choice. The opportunity to remove unsuitable schools and those that are expensive to run and maintain could be taken.

Capital receipt from disposal of two schools could contribute to the longer term aim of improving the remaining secondary school estate.

Key stakeholders involved in this option are parents, children, communities, staff and their trade unions and councillors.

1.2 Benefits

Key benefits (financial) – Reducing the number of secondary schools creates revenue savings and a more efficient delivery of service.

Key benefits (non-financial) – Larger schools where pupils can access a broader range of curricular choice due to higher numbers of staff and more pupils choosing courses which may otherwise be unviable.

1.3 Costs

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	634	0	0	0	0	
TOTAL (A)	634	0	0	0	0	
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)	0	0	0	0	0	
TOTAL (A+B)	**634**	**0**	**0**	**0**	**0**	
Benefits						
One off benefits						
On-going benefits	1165	2046	2346	2346	2346	

TOTAL (C)	1165	2046	2346	2346	2346	
NET BENEFIT (C-(A+B))	531	2046	2346	2346	2346	

The above assumes non-recurring redundancy costs in Year 1 of £634k. Budgets are based on the 2010/11 budgets. It is assumed that we would not dispose of the properties until 6 months in to Year 2. The savings will be on the staff costs, property costs, admin costs and loss of income. This does not take account of any capital receipts from the disposal of the two schools. Further this does not include any enabling works at receiving schools to accommodate additional, displaced pupils.

1.4 Investment Appraisal

Provide an overview of the investment appraisal, with initial financials, including capital/current expenditure, return on investment, and payback. This can be tabulated for ease of presentation as follows:

Measure	Value
Payback (years)	*<Time period>*
Net Present Value (over [x] years)	*<Monetary value>*
Internal Rate of Return (IRR)	*<% value>*
Anything else calculated e.g. gross / net depth of funding	

Document the assumptions used for the investment appraisal e.g. the discount rate used to calculate the NPV and the periods to which the discount rate is applied.

1.5 Recommendation

Overall, there is significant benefit to the council and service users in progressing with this option to close two secondary schools.

This would link into the existing proposals already agreed by Committee for the long term sustainable development of the secondary school estate.

The decision on which schools should close is likely to result in local interest from parents, pupils and the general public.

Any decisions on potential closure would have to be made within existing legal requirements of the Schools (Consultation) (Scotland) Act 2010, including the necessary statutory consultation.

1.6 Consequences of not undertaking the project

Continued un-necessary expenditure on buildings which are not well occupied, expensive to run and maintain. Small schools will continue to provide a smaller range of curricular options 'in-house'.

2. Background

2.1 Current Situation and Business Need

There are currently 12 secondary schools in Aberdeen, with a total excess capacity of approximately 1500 spaces which is anticipated to increase to over 2000 by 2013, before reducing slightly over subsequent years. By 2018, the projected excess number of spaces will remain above 1500.

The distribution of unfilled spaces in not uniform across schools and occupancy of some schools is low, as is the actual pupil number. This leads to inefficiency in running costs and educational disadvantage (reduced curricular choice).

For teaching staff, reduction in staffing levels would mainly be at middle and senior management levels. Reductions would be more widespread for other staff - clerical, administrative and facilities management.

These reductions would have negative impact on staff morale.

The proposal would not be popular amongst affected service users and their families.

Some pupils might have to travel further to school and low income families may find this an added financial burden where transport is not provided.

A reduction to ten secondary schools would be beneficial as it would provide a more efficient service delivery as well as providing educational advantages.

Prior to a special meeting of the Education, Culture and Sport Committee in October 2010, consultation and engagement with stakeholders:

Teachers' Consultative Forum and Trades Unions, Corporate Management Team, Additional Support Needs Parents' Forum, Parents' Forum, Parents' Councils, Headteachers' Meetings, Staff briefings, Pupil briefing.

Committee decided in October against any change to the number of secondary schools.

2.2 Issue or Opportunity

The condition, suitability and occupancy of secondary schools are evaluated, as is current and projected surplus capacity.

The long term aspiration is to have all secondary schools of an equivalent condition, suitability and provide a full range of curricular opportunities as the new schools delivered under the 3Rs Project.

Excess capacity is not equally distributed across all schools and communities. Rationalisation of the current estate would enable significant progress towards this objective.

Retention of all twelve schools would result in a continuation of reduced curricular choice for some pupils as well as incurring expenditure retaining under-occupied buildings and diverting funds to support expensive to run schools which are not particularly suitable for delivery of a modern curriculum and costly to maintain.

3.   **Description**

If progressed, this proposal would integrate with the agreed longer term management plan for the secondary school estate which takes account of changing demographics and the emerging Local Development Plan.

Communicating and engaging with the key stakeholders already identified would be a key part of this project.

3.1   Objectives

Reduction in the number of secondary schools from twelve to ten resulting in more efficiently maintaining the secondary school estate.

It will be necessary to establish closure of which two schools would provide most benefits. There will be subsequent knock-on effect upon the zoning or allocation of primary schools to secondary schools as a result in any closures.

Project objectives can relate to the time, cost, and operational objectives or relate more to how the objectives are achieved e.g. reduce costs, improve customer satisfaction.

3.2   Scope

Education, Culture and Sport would lead the project and work with Environment, Planning and Infrastructure to establish which schools should close as well as any alterations required to accommodate incoming pupils in the remaining schools.

It is anticipated that this proposal could be implemented by August 2012 as the necessary background work on identifying most appropriate schools and subsequent enabling works to accommodate incoming pupils would take a significant time.

It is usual practice to make significant changes, such as closure of schools and reallocation of pupils to alternative provision, over a summer school holiday period.

To Provide project scope details such as timeline, Directorates and Services involved in the project, Council functions affected and the systems or technology environment it affects.

3.3   Out of Scope

Define any key areas that may be viewed as associated with the project, but which management feels should be excluded from scope.

3.4   Timeline

(i)   develop implementation plan – one month

(ii)   identify schools for closure – six months

(ii)   develop and implement arrangements to facilitate closures, including formal consultation – one
        year.

Detail the key phases and milestones for the project, set out an outline implementation plan.

3.5   Outcomes

The key outcome is to reduce the costs of maintaining the secondary school estate by the closure of two schools. The estimated completion date is July 2012. There would also be educational advantage in implementing the proposal.

3.6   Stakeholders

Key interested parties: staff, pupils, parents/carers, elected members, general public, Her Majesty's Inspectorate of Education,

Document project stakeholders at a high level: Staff (teaching and support), pupils and parents/carers, HR, EP&I,

Communications Plan to be developed through corporate communications.

4.   Business Need and Strategic Fit

The business need has been set out above. The key objective relates directly to the corporate priority to "Ensure efficient and effective delivery of services by the council and with its partners". Not to pursue this project would result in continued inefficiencies in the use of some school facilities. It may also result in lost opportunities to realise capital receipts.

5.   Risks and Constraints

5.1   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
1	Council decides not to pursue the project				H	M		
2	Adverse reaction from schools and communities				M	H		
3	Scottish Government and/or HMIe not supportive of project objectives				H	L		
4	Insufficient capacity to drive the project forward within timescale necessary				H	M		

6. Options

This document represents an initial business case. At this stage of drafting the project is proposing an option based upon closure of two schools.

6.1 **Option 1** – It would be necessary to complete a feasibility study to identify the two schools would be most beneficial to close. It is likely that it would be impractical to close the two schools delivered under the 3Rs project (Bucksburn Academy and Cults Academy).
All other pairs of schools could be considered:

	AGS	Bridge of Don	Bucksburn	Cults	Dyce	Harlaw	Hazlehead	Kincorth	Northfield	Oldmachar	St Machar	Torry
AGS	■		■	■								
Bridge of Don		■	■	■								
Bucksburn	■	■	■	■	■	■	■	■	■	■	■	■
Cults	■	■	■	■	■	■	■	■	■	■	■	■
Dyce			■	■	■							
Harlaw			■	■		■						
Hazlehead			■	■			■					
Kincorth			■	■				■				
Northfield			■	■					■			
Oldmachar			■	■						■		
St Machar			■	■							■	
Torry			■	■								■

6.2 **Option 2**

6.3 **Option 3**

6.4 **Recommended Option –**

7. Cost and Benefits Analysis

7.1 Cost and Benefits Analysis

7.2 Expected Costs

- .

7.3 Expected benefits

8. Investment Appraisal

.

9. Recommendations

9.1 Key Recommendations

9.2 Assumptions and Dependencies

10. Implementation Approach

11. Appendices

Aberdeen City Council

Business Case for option ECS 29a
Close five primary schools

Contents

Document Control

Document Owner

Owner	Sohail Faruqi

Document Approvals

Name	Signature	Title	Date	Version
David Leng		HoS, ECS	19.1.11	1(b)
			25.1.11	1(c)

Document Distribution

Name	Title	Date	Version
Annette Bruton	Director, ECS	19.1.11	1(b)
David Leng	HoS, ECS	19.1.11	1(b)
		25.1.11	1(c)
Charlie Penman	HoS, ECS	19.1.11	1(b)
Liz Gilles, Derek Samson	SMs	25.1.11	1(c)
Anne Darling, Penny Moreton, Val Steele and Neil Hendry	QIOs	19.1.11	1(b)
Name	**Title**	**Date**	**Version**
Sandy McPhee	DEM Co-ordinator	19.1.11	1(b)
		25.1.11	1(c)
Helen Valentine	Senior Accountant PBB	19.1.11	1(b)
CMT	CMT		

Version 1: initial draft 18.1.11

Version 1(a): circulated 19.1.11

Version 1(b): contains amended financial figures from Helen Valentine 19.1.11

Version 1(c): further redrafting by SF, including comments/amendments from DL shown 25.1.11

1. Executive Summary

1.1 Description

The Council maintains 48 primary schools. We use a process for identifying the capacity of each school and currently we have schools that are not be operating to optimal capacity. This is inefficient in terms of resources. This option provides a starting point to address this inefficiency, which will continue to exist if the status quo (do nothing) position remains. The key objective of this option is therefore to reduce the number of primary schools (and therefore expenditure). It provides a starting point for the development of a longer term primary school estates strategy.

Key stakeholders involved in this option are parents, children, communities, staff and their trade unions and councillors.

1.2 Benefits

The key benefit is financial. Reducing the number of primary schools creates revenue savings and a more efficient use/deployment of resources.

1.3 Costs

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Income		115				115
TOTAL (A)		115				115
Capital Expenditure						
TOTAL (B)						
TOTAL (A+B)		115				115
Benefits						
One off benefits						
On-going benefits		227	663	1015	1015	2920
TOTAL (C)		227	663	1015	1015	2920
NET BENEFIT (C-(A+B))		112	663	1015	1015	2805

1.4   Investment Appraisal

Measure	Value
Payback (years)	5 years
Net Present Value (over [x] years)	£2,805,000
Anything else calculated e.g. gross / net depth of funding	

1.5   Recommendation

Close at least five primary schools. This would be a starting point for developing a longer term strategy for management of the primary estate.

The council is able to predict pupil population numbers and a key assumption is that the forecasts for numbers of primary aged children over the next five years and occupancy levels are accurate. A further assumption is that the statutory consultation process required to secure closure of schools will be successful. The success of any proposal will depend not only on a financial efficiency case being established but also upon demonstrating an effective educational argument for change.

1.6   Consequences of not undertaking the project

The main consequence of not undertaking this project would be financial inefficiency in maintaining the school estate, including possible expenditure on repairs and maintenance which would divert resources from other needs. It may also mean the potential loss of a capital receipt to drive investment and improvement in the estate.

2. Background

In Aberdeen we maintain 48 primary schools. The Education, Culture & Sport Directorate adopts a strategic approach to the management and planning of provision which involves regular monitoring and forecasting of school rolls, school catchment management, school capacity and occupancy management and capital planning. We have developed a school estates management plan, through which we aim to manage proactively the school estate to ensure that scarce resources are directed where the need is greatest and to secure best value. In order to do this we aim to:

- ensure that there are sufficient places to meet demand in the right place at the right time
- ensure that accommodation is maintained to an acceptable standard
- ensure the efficient and cost-effective utilisation of resources.

In order to ensure that the Council is able to monitor and respond to the issues of supply and demand over a reasonable planning period, the ECS Directorate uses primary (and secondary) school roll forecasting methodologies, which take account of a range of factors. For example:

- local population estimates,
- projected new intake numbers
- school stage migration
- migration in/out of the city
- known household completions in the associated school catchment areas and the additional number of children expected from these houses.

The forecasts are prepared on a rolling 9 year basis and are reconciled and updated annually. The forecasts are fundamental to the effective management and provision of school places, enabling an assessment of school occupancy levels and the need for change now and in the future.

2.1 Current Situation and Business Need

In accordance with Accounts Commission findings (set out in "Room for Learning: Managing Surplus Capacity in School Buildings", September 1995) the Council's ultimate aim should be to achieve a maximum occupancy level of between 80 and 100% in all schools and a target occupancy of 80%.

Councils should take into take account of a range of factors in making decisions about their school estate. The factors include occupancy and when a school's occupancy level is very low or falls significantly, its future viability may need to be considered.

The Audit Scotland report "Improving the school estate" (March 2008) stated that 'there is no fixed level at which a school should automatically be considered for closure. Occupancy levels alone should not determine what councils decide. But the implications of schools having very low or significantly falling rolls must be effectively managed'.

The table below illustrates the overall school occupancy levels across mainstream primary schools:

	Total capacity (baseline)	Current excess capacity (and % against baseline)	Projected excess capacity (and % against baseline)
Year	2010	2011	2015
All primary schools	16008	4077 (25%)	2872 (18%)

The figures above obviously disguise a range of excess capacities across individual primary schools. Currently the range spans 5% to 44% excess capacity. Whilst there is an improvement in excess capacity over the next five years, it is interesting to note that an excess capacity of 18% equates to the capacity of approximately eleven "average" sized primary schools. This level of under occupancy results in inefficiencies in the delivery of education in terms of facility utilisation and this fact represents the business need that needs to be addressed.

2.2   Issue or Opportunity

As set out above.

3.   Description

If agreed, this option would provide a starting point for more effective and longer term management of the primary school estate. The current option sets out the case for the closure of five schools by year five of the Council's costed five year plan. If agreed, detailed work would then be undertaken during year 1 to identify the schools concerned. The intention would be to effect closure in year 2 (June 2012). Closure of five schools will result in the need to allocate children to other schools and also the rezoning of some catchment areas.

Communicating and engaging with the key stakeholders already identified would be a key part of this project.

3.1   Objectives

The project will result, in the short term, in the closure of five schools with consequent reductions in expenditure. By year four, it is estimated that the total financial benefit that would accrue would be £2,805, 000.

The project will also act as a starting point for the development of a strategy for the on-going management of the primary school estate.

3.2   Scope

The overall timeline for this project is five years. Year one (financial year 2011/12) would be a planning and consultation period, with implementation from year 2. Given the nature of the provision, this means that the changes would take effect from the start of the school session August 2012.

The main services to be involved are Education, Culture & Sport Directorate and Enterprise, Planning and Infrastructure Directorate. Most of our primary schools provide nursery education and therefore part of the scope of this project would involve securing alternative arrangements for nursery provision.

3.3   Out of Scope

None.

3.4   Timeline

Phase 1: Scoping and design of the project and costings. Anticipated timescale March 2011 to July 2011.

Phase 2: Engagement and consultation. Anticipated timescale August to October 2011

Phase 3: Decisions made and implementation. Anticipated timescale November 2011 to July 2112.

The above timelines for Phases 2 and 3 would be subject to detailed work before they could be considered as viable and deliverable.

3.5   Outcomes

The key outcome is to reduce the costs of maintaining the primary school estate by the closure of five schools. The estimated completion date is July 2012.

3.6   Stakeholders

The key stakeholders have already been identified. In addition, elected Members and particularly Ward Councillors have decision-making and influencing roles to exercise as key stakeholders if the project is to be successfully implemented. On-going communication with stakeholders and the development of a communication plan are part of the Phase 1 activity.

4.   Business Need and Strategic Fit

The business need has been set out above. The key objective relates directly to the corporate priority to "Ensure efficient and effective delivery of services by the council and with its partners". Not to pursue this project would result in continued inefficiencies in the use of some school facilities. It may also result in lost opportunities to realise capital receipts and therefore ti the funding of improvements in the estate.

5. Risks and Constraints

5.1 Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
1	Council decides not to pursue the project				H	M		
2	Adverse reaction from schools and communities				M	H		
3	Scottish Government and/or HMIe not supportive of project objectives				H	L		
4	Insufficient capacity to drive the project forward within timescale necessary				H	M		

6. Options

This document represents an initial business case. At this stage of drafting the project is proposing an option based upon closure of five schools. However, as the excess occupancy figures above indicate there may be scope for further options and closures.

7. Benefits Analysis

7.1 Expected Benefits

8. Investment Appraisal

An investment appraisal will be required on most projects. This is a financial analysis of the costs and benefits of the project, and forms an important part of the investment decision. On this occasion much of this work will be undertaken by the Corporate Asset Management Team, with detailed information provided by the Service. The core information required is as follows:

Measure	
Payback	*To Be Supplied by Asset Management – See Instruction Email*

Net Present Value (NPV)	*To Be Supplied by Asset Management – See Instruction Email*
Anything else calculated e.g. gross / net depth of funding	*Must be discussed with Asset Management*

This can also be accompanied with other information, such as cash flow analyses and the net / gross depth of funding required in any year of the project.

9. Recommendations

9.1   Key Recommendations

9.2   Assumptions and Dependencies

10. Appendices

Appendix 1   Whole Life Costing (WLC) – Cost Information Required

As part of your business case a Service must provide high level WLC information. This is based on costs collated by the Service, which are then inputted into a WLC software programme. This automatically calculates the relevant figures including the Net Present Value (NPV).

Due to the short timescales only high level cost data will be collected. However, every effort must be made to make the cost data as robust as possible. Although it is the responsibility of Services to collate the data, there will be support from key officers within Asset Management & Operations and other Services.

The following shows the data required. Not all projects require these costs so please contact Asset Management to discuss.

a) Projected lifespan of project
b) Total capital cost of project
c) Total of any grant approved
d) Cost of ICT fit out (if not included in b)
e) Cost of fixtures/fittings (if not included in b)
f) Replacement costs and lifespan of any significant components
g) Annual facilities/operating costs
h) Annual utilities costs
i) Annual maintenance costs
j) Annual grounds maintenance costs
k) Annual administration/occupancy costs
l) Annual rates
m) Gross projected annual income
n) Cost of acquiring land
o) Value of asset if already in Council ownership
p) Annual loan debt payment
q) Any other costs not included in the above

The table below gives further information on the data requirements, including examples and contacts for assisting with the collation of this data. The costs should be entered into Appendix 2 and returned to the Asset Management Plan team by Tuesday 25 January, 5pm.

	Data Required	Description	Source
a.	Projected lifespan of project	This is the predicted life of the project. Buildings are normally based on a 30 year lifespan.	Service
b.	Total capital cost of project	Total capital cost of project excluding any grant.	Service
c.	Total of any grant approved	The total amount of the grant approved and details regarding the spread of payments.	Service
d.	Cost of ICT fit out (if not included in b)	The purchase of PC's, servers, cabling, etc.	Sandra Massey
e.	Cost of fixtures/fittings (if not included in b)	The purchase of furniture, filing cabinets, fridges, etc.	Alastair Reid
f.	Replacement costs and lifespan of any significant components	This should include the replacement costs and lifespan of roof coverings, windows, doors, etc. This should also include the replacement of any items identified in d. and e.	Trevor Smith

	Data Required	Description	Source
g.	Annual facilities/operating costs	This should include cleaning both internally and externally. Please list the services included in this cost. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Simon Williams
h.	Annual utilities Costs	This would include energy and water costs. Please list the services included in this cost. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Janice Lyon
i.	Annual maintenance costs	The annual revenue costs of maintenance such as urgent repairs, boiler maintenance and legionella testing. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Alastair Reid
j.	Annual grounds maintenance costs	Costs should include grass cutting, pruning, planting, etc. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Steven Shaw
k.	Annual administration/occupancy costs	This should include all staff costs, stationery, carp parking, etc associated with the project. Please list the services included in this cost. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Service
l.	Annual Rates	The annual rates costs. Note: If it is an existing or replacement asset only the additional costs need to be identified.	Alastair Reid
m.	Gross projected annual income	This would include any entry charges or service charges that will be paid. Note: If it is an existing or replacement asset only the additional charges need to be identified.	Service

n.	Cost of acquiring land	The cost of buying land for a new building or perhaps CPO's of land for road improvements.	Stephen Booth
o.	Value of asset if already in Council ownership	The market value of the site.	Stephen Booth
p.	Annual loan debt payment	This will be calculated by Finance and Asset Management.	Alastair Reid
q.	Any other costs not included in the above.	The above is not an exhaustive list so list any other costs you are aware of.	Service

Aberdeen City Council

Priority Based Budgeting
Reference ECS1-C9

Closure of up to 8 community libraries over 5 years.

Contents

Document Control

Document Owner

Owner	Fiona Clark

Document Approvals

Name	Signature	Title	Date	Version
Patricia Cassidy		**Head of Communities, Culture and Sport**		

Document Distribution

Name	Title	Date	Version
Neil Bruce	Service Manager Culture and Sport		

1. Executive Summary

1.1 Description

The proposal is to close up to 8 community libraries within Aberdeen City over the next five years. Remaining libraries would include the Central Library and 8 community libraries.

- reflects planned development of Community Learning Hubs and Learning Partnerships;

- all 8 libraries to be closed by 31st March 2015.

1.2 Benefits

- There will be greater capacity for the service to develop if professional and management skills   were concentrated on a reduced number of libraries

- The potential to other an increased range of services including more focused employment and careers information and support, local delivery of books to the elderly and housebound and children's literacy programmes

- To incorporate enough PCs to deliver ICT classes by the library service, other council services and learning partners such as Aberdeen College.

- There is the potential to include new, fit for purpose libraries within any proposed school or community build based on the Bucksburn or Kaimhill models.

- There will be increasing annual savings year on year up to by 2016.

- There is the potential for stand alone library buildings could be sold to produce a capital funding to contribute to any new education builds in communities.

1.3 Costs

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case	167					
TOTAL (A)	167	0	0	0	0	167
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)	0	0	0	0	0	0
TOTAL (A+B)	**167**	**0**	**0**	**0**	**0**	**167**
Benefits						
One off benefits						

On-going benefits	213	386	452	452	452	1955
TOTAL (C)	213	386	452	452	452	1955
NET BENEFIT (C-(A+B))	46	386	452	452	452	1788

1.4 Investment Appraisal

Measure	Value
Payback (years)	*5 years*
Net Present Value (over [x] years)	*1,788,000*
Internal Rate of Return (IRR)	
Anything else calculated e.g. gross / net depth of funding	

1.5 Recommendation

This proposal was made as part of the ongoing Revenue budget reductions in the context of the Council's PBB review.

The option to reduce the number of libraries by 50% will give the service opportunities to develop the service at the remaining 8 libraries offering a higher quality service including potentially longer opening hours.

This will result in a financial benefit with reducing staff, property and admin costs and will also reduce centralized costs including annual licenses and subscriptions, IT and communications charges and other support costs.

Key considerations

That there is a planned programme of community consultation on any proposed closures.

Experience has shown that when 4 libraries were proposed for closure in 98/99 public consultation was limited and the decision taken to close two libraries was overturned a year later after a rethink by elected members. Both libraries opened with different models Cults as a Learning centre in partnership with Aberdeen College and Kaimhill was relocated to space within the Kaimhill Community Centre. Additional revenue budget had to be found for the library service to operate these libraries.

Key assumptions

- That any decision taken is not subsequently overturned

- Any dependencies which exist between various options are taken into consideration including the move to a Cultural trust if libraries are to be included along with Museums and Galleries.

- That a community library will be considered as part of any new community builds or schools in key areas across the city to replace aging library buildings.

- That libraries chosen to close include in proportion with those which have higher and lower running costs

- If selected for closure Woodside Library would be retained in the short term as an archival store until suitable external storage sourced for the important local collections currently located there.

1.6   Consequences of not undertaking the project

The current number of buildings and service points make it increasingly difficult to offer a consistent high quality library and information service.

The increasing costs of maintaining buildings which have only had minimum attention over the last 5 years, increasing utilities charges and staff costs will result in a continued pressure on revenue budgets to sustain the service at current level.

As a consequence of the budget reductions over the last few years and not being able to employ staff other than on a fixed term basis has resulted in a marked decrease in quality of service reflected in increasing number of complaints.

2.   Background

2.1   Current Situation and Business Need

Currently the Library & Information Service operates from 17 buildings across the city varying in size, age and condition including the Central Library on Rosemount Viaduct.

The Library & Information Service employs 134 staff (107.2fte).

Revenue budgets have been reduced by 5% each year since 2008 and staffing levels have been reduced by 12% overall.

Quality of provision is already being impacted upon as library staff concentrate on ensuring libraries remain open rather than developing the service.

The Library & Information Service has employed staff only on a short term basis of 51 weeks maximum since 2008. This has resulted in an increase amount of time spent by professional staff in the constant cycle of recruitment and training of new staff. Another consequence is the increasing pressure to cover gaps in the staff cover at libraries by using casual staff and staff from different community libraries and teams neither trained nor familiar with the local community.

2.2   Issue or Opportunity

Libraries would offer a full range of service and resources tailored to the communities they served concentrated at a reduced number of service points. This is dependent on the capability of the library building particularly in relation to size, location and available IT infrastructure.

 Potential Advantages:

- Increase the number of PCs to incorporate PCs for Learning classes delivered by libraries on topics such as family history research, or by partners e.g. Aberdeen College
- Increase and develop online services offering a free online request service for books with direct delivery of items to their preferred location whether local library, community centre, or other drop off point.
- Concentrate work with the learning communities and partnerships reaching out to the wider communities in the ASG area. In particular in regeneration and other targeted areas.
- Deliver early years Bookstart sessions, Rhymetimes and book gifting both within and out with libraries, promoting use of libraries to parents, nurseries, and community under 5s groups
- Develop the Home Service from a city wide service to more localised service from the community libraries in each area offering additional options for the more independent to select books from the library in person that can then be delivered to their homes.

- Increase the amount of out reach delivery of library & information services directly into communities
- Increase work with local schools to coordinate regular visits to the library/ library staff visits to the school to encourage library use, literacy, reader development, information literacy
- Develop and support more local book groups
- There is the potential to relocate libraries within any proposed new secondary school builds to provide a shared school and community library based on the Bucksburn model. As well as to look at incorporating more services including Customer Access point service which could be delivered by library staff as at Kincorth.
- Work with volunteers to support people's use of PCs e.g. Silver City Surfers supporting 55+
- Further develop online service introducing ebooks and downloadable audio that can be "borrowed" 24/7

Disadvantages:

- The impact assessment indicates that the proposal will have a detrimental effect on communities across the city with the withdrawal of a number of local community libraries and library services. This will affect all members of the community who currently access library services locally as they may have to either travel to their next nearest community library, the Central library or utilise online library services.

Impact

- There will be a detrimental impact on communities who have existing libraries that may close where current library members will potentially have to travel further to access a library.

Legal context:

- As the library service is a statutory service reducing the number of libraries may be viewed as failing to provide "adequate library facilities" as defined in the 1973 Local Government (Scotland) Act.

- COSLA issued library standards 1986 later updated in 1995 which set out recognized standards which were used to benchmark authorities against each other via SPIs.

- In 2007 the Public Library Quality Improvement Matrix (PLQIM) was developed with Government support by Scottish Library & Information Council to define and evaluation the role of the public library which is to:

  o Provide universal access to resources, which is free, consistent and customer focussed
  o Help to build vibrant communities by encouraging community involvement and community/based activity and assisting in the creation of social capital
  o Promote social justice, civic engagement and democracy
  o Help minimise exclusion be it social, digital or due to functional illiteracy
  o Support learning in the information society
  o Promote access to Scotland's cultural heritage
  o Support cultural activities through the provision of information and venues
  o Encourage the public to pursue individual cultural interests through access to resources
  o Work in partnership with others to offer value added services.

3.   Description

3.1 Objectives

The project will result in a reduction of the annual revenue budget for Library & Information Services.

3.2 Scope

The project will run over 5 years reducing the number of libraries gradually over the time period. Experience has proved that it takes some time to effectively communicate with users and stakeholders, deal with staff, relocate or dispose of stock, clear buildings, cancel contracts associated with the service. This will require to be undertaken by existing library staff and colleagues in Education, Culture & Sport and other directorates, in addition to their current workloads.

Support will be required from colleagues in Corporate Governance particularly HR and ICT services and from colleagues in Enterprise Planning and Infrastructure

3.3 Out of Scope

Not applicable

3.4 Timeline

Dependent on the libraries selected for closure, their size and location, one or two libraries will close each year.

3.5 Outcomes

The closure will be from early April each year with the savings reached by July apparent form property and maintenance costs which will not be realized until at least 18 months later or until building is disposed of.

3.6 Stakeholders

Stakeholders include library users, Members, various other Council services that use libraries to send out information to communities, local learning partners such as Aberdeen College, Aberdeen University and RGU, NHS Grampian, Grampian Police, Citizens Advice Bureau, Grampian Information, Reading Bus, Schools and nurseries, local businesses, schools and residential homes etc. National partners including National Library of Scotland, Scottish Parliament, National Literacy Trust, Scottish Booktrust, Creative Scotland, Scottish Library & Information Council and the European Commission who fund the Europe Direct Service.

Message	Target Audience	Distribution method
Initial contact detailing the option in the business case	Library users, all partners, and other stakeholders	Emails, meetings, stakeholder events, posters in libraries, circulars, GLOW, website, Web 2.0 tools
Invite comments and suggestions through current channels for customer feedback within libraries and wider Council network.	Library users, all partners, and other stakeholders,	Emails, meetings, stakeholder events, posters in libraries, circulars, GLOW, website, Web 2.0 tools
Ensure the community is kept informed of timescales and any alternative provision available in their locality, Home service availability or via online access to library services 24/7.	Library users, all partners, and other stakeholders	Emails, meetings, stakeholder events, posters in libraries, circulars, GLOW, website, Web 2.0 tools

4.   Business Need and Strategic Fit

4.1   Business Need and Strategic Fit

- Reduction of annual revenue budget for Libraries & Information Services

- This is in context of the Council's 5 year business Plan

- If not undertaken expected continued increase in service delivery costs and in repair and maintenance of buildings

- The potential to concentrate on development of Library & Information services at a reduced number of libraries relates to opportunities to provide more services for the vulnerable members of our community, increase attainment for our children and adults. Reduction in number of libraries will impact on communities who may have to travel further to access a library.

5.   Risks and Constraints

It is important to distinguish between risks that are inherent in the process of undertaking a project, and risks associated with project failure.

In this section of the business case you need to understand the risks associated with the project so that they may be considered when selecting the best option.

The Business Case owner should determine a response to each risk based on the priority assigned to the risk, its nature, and the resources available to manage the risk.

By defining risks in the business case, measures can be put in place to minimise the chances of future problems. This section documents the risks that are related to the project and management's risk mitigation strategy for each risk identified. The identified risks will be tracked, monitored and escalated where necessary throughout the project as part of an ongoing risk log.

For example, the project may result in significant change to operational processes, staff roles and responsibilities and some staff changes.

5.1   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Failure to agree to close libraries		Education, Culture and Sport	12/1/11	High	High		Require support on agreement to reduce number of libraries
	Public outcry and negative media for		Corporate Governance Education,	12/1/11	High	High		Work with colleagues in Publicity & Promotions.

Council		Culture and Sport					Support library staff on the frontline to handle negative reactions
Revenue budget reduced even if no libraries closed		Education, Culture and Sport	12/1/11	Medium	Medium		Only available option is to further reduce access to and quality of services
Low cost libraries selected for closure Failure to make savings		Education, Culture & Sport	12/1/11	Medium	Medium		Further budget reductions would involve cutting access to and quality of services.
Libraries retained include unsuitable and require substantial capital expenditure		Education, Culture & Sport	12/1/11	medium	High		Investment in Council buildings ongoing but only responsive
It decision taken lack of capacity for support to implement other council services		Corporate Governance Enterprise, planning and Infrastructure	12/1/11	Medium	Low		Early discussion and planning and explore potential and costs to outsource assistance if necessary
Libraries included in Cultural Trust		Education, Culture & Sport	12/1/11	Medium	Medium		See risk register for ECS1-C3

6.   Options

Over the last three years revenue budgets have been reduced by 5% each year since 2008 and staffing levels have been reduced by 12.54% overall (23.posts). Opening hours have been reduced by 84 hours per week at all libraries including the Central Library. Staff have only been recruited on a fixed term basis at a maximum of 51 weeks for the last three years currently accounting for 22%+ of our staff. Currently the library service operates from 17 buildings across the city varying in size, age and condition and employs 134 staff (107.2fte).

6.1   Option 1 – Maintain status quo – not assumed to be possible as will result in increasing revenue costs and potential capital investment.

6.2   Option 2 – Carry out proposal and reduce the library estate by 8 libraries closing up to 2 per year. Possible criteria used to select libraries for closure:

- Suitability, age, size and condition of building

- Level of Business both current and potential

- Revenue costs

- Proximity to other libraries

- Potential for development e.g. capacity to locate a 12-15 PC learning centre

- Location of library in respect to other community services, schools, bus routes, commercial outlets

- Location in respect to designated Regeneration Areas or areas considered at risk

6.4   Recommended Option

Option 2 using a combination of the criteria listed above .

7.   Cost Benefit analysis

8.   Investment Appraisal

9. Recommendations

This proposal was made as part of the ongoing Revenue budget reductions in the context of the Council's PBB review.

The option to reduce the number of libraries by 50% will give the service opportunities to develop the service at the remaining 8 libraries offering a higher quality service including potentially longer opening hours.

This will result in a financial benefit with reducing staff, property and admin costs and will also reduce centralized costs including annual licenses and subscriptions, IT and communications charges and other support costs.

9.1   Key Recommendations

The option to reduce number of libraries is agreed and libraries are selected for closure using the criteria listed above.

9.2   Assumptions and Dependencies

- That there is capacity within Library & Information Services, Education, Culture and Sport directorate and other directorates as appropriate to support implementation of closures.

- That should Library & Information Services be included within a Cultural Trust after the option appraisal that consideration is given to the level of funding required to facilitate the move to a trust.

- That libraries be considered in any future planning any new school or community facilities in communities.

10. Implementation Approach

- Project will be managed by an implementation team from appropriate services led by the service Manager Culture & Sport

- Project implementation phases will be on a yearly basis from 2011 with at least two libraries closed in year 1 and each year if at all possible depending on which libraries selected for closure

- The milestone plan will be set by the implementation project team

- Expected costs and resources to be determined once libraries identified and to be met as much as possible within existing budgets and staff.

- It is expected that this work will impact on the current workloads of staff, capacity for Service Development and ongoing evaluation via the Public Library Quality Improvement Matrix.

11. Appendices

Attached for information is an A3 table detailing current community libraries level of business, proximity to other libraries, age and condition of building and other information.

Aberdeen City Council

Priority Based Budgeting
ECS1 – C13 Cease Communities Team Services
January 2011

Contents

Document Control

Document Owner

Owner	Gail Woodcock

Document Approvals

Name	Signature	Title	Date	Version

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

This report states the business case for the financial benefits relating to the PBB Option: ECS1 – C13 Cease Communities Team Services.

To deliver the financial savings identified in this option would involve stopping all work of the Community Learning and Development Service, the Community Training Unit, Work Experience Unit, Neighbourhood Community Planning Officers and provision of grants to leased centres. This option would involve over 700 redundancies; closing 27 community learning centres; withdrawing grant, development and building costs to 24 leased community centres; withdrawing all neighbourhood community planning activities across the city; and withdrawing support from 9 commissioned projects and organisations: Fersands, Middlefield and Printfield Community Projects, Aberdeen Lads Club, St Machar Parent Support Project, WEA, SACRO, Aberdeen Drugs Action and VSA.

The following services would cease:

- Support to volunteers

- Youth work – Streetwork projects, detached youth work, drop in, music projects, lunch clubs, LGBT, information, guidance and counselling, work in schools/Curriculum for Excellence, 16+ learning (MCMC), Dynamic youth awards, youth achievements awards, Duke of Edinburgh awards, youth literacies, Youth Councils, work placements, mental and physical health , enterprise and sports groups

- Community Capacity Building - work with Management Committees, community planning networks, Learning Partnerships, Community Councils, Parent Councils, community forums, community newsletters, leased centres, tenants and residents groups, Under 12's groups – breakfast clubs, after school clubs, playschemes and streetplay

- Adult Learning – family learning , classes (health & wellbeing, cultural, languages, physical), employability, core skills, ICT, certificated courses, literacies and numeracy, English as a second language, Healthy Minds Project (Mental Health), drugs rehabilitation work and work placements.

- Under 5's – crèche, messy play, PEEP, two's groups, playgroups

- Neighbourhood regeneration projects incorporating physical, social and economic improvements

Approximately £1.1m [figure to be updated from spreadsheet] of external income will be lost to the City. [detailed in an appendix 2.]

Overall costs to the public sector and third sector could rise as a result of this loss of service.

1.2 Benefits

The only benefit would be a financial benefit within the Council. However it is anticipated that stopping this service would result in increased costs to other services within and out with the Council.

1.3 Costs

The main costs of taking this option would be social: in terms of children, young people and adult well being; levels of attainment; levels of literacy and numeracy; levels of disaffection; employment levels; mental health; community cohesion and community capacity. Financial costs

will be incurred in other public sector services including police, health, social work and fire and rescue; in the third sector including VSA and WEA; and in the private sector in relation to recruitment and employability.

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
	3,931					
TOTAL (A)	3,931					
Capital Expenditure						
May be required depending on future options for capital assets.						
TOTAL (B)						
TOTAL (A+B)						
Benefits						
One off benefits						
On-going benefits	4414	5045	5676	5676	5676	
TOTAL (C)						
NET BENEFIT (C-(A+B))	483	5045	5676	5676	5676	

note – this table does not include other income to the city that the team generates that does not come directly to the Council – see Appendix 2

1.4 Investment Appraisal

There will be some capital receipts as a result of the closure of leased centres and community learning centres. However many of the community learning and neighbourhood planning activities take place in facilities which are shared with other services such as the 3Rs schools. Ceasing to support the programming of these facilities will result in the loss of income streams to the council that supports the management of these facilities through the external contractor.

1.5 Recommendation

It is recommended that the council does not take this option to cease the work of the service as to do so would significantly negatively impact the people of Aberdeen and would leave Aberdeen City Council not meeting its statutory obligations in respect of ensuring the deliver of community learning and neighbourhood community planning.

The alternative recommendation to integrate the Communities Services is recommended to be taken, which would deliver £1.1million of savings without significantly impacting on the frontline service delivery and retaining income generation for the Council.

1.6 Consequences of not undertaking the project

This project would be to cease the entire Communities service.

The impact of not ceasing the service and implementing the alternative recommendation for an Integrated Communities Service model will be positive with the exception of reducing spend on

the service. Not undertaking the project will ensure that Aberdeen City Council continues to comply with its statutory obligations relating to this service.

As spend on public services reduces, the requirement for public and community groups to take on more responsibility for delivering services increases. A key role of the Communities team is to empower and enable groups and communities. Therefore, in the current climate of austerity, there is an even greater need to retain and develop this service, and a decision to cease the service while potentially leading to a short term financial gain, would in the medium to longer term be a false economy.

2. Background

2.1 Current Situation

It has been identified that significant savings can be delivered by integrating the existing staff groups in Neighbourhood Community Planning, Community Training and Community Learning & Development Services – this restructure is described in Business Case ECS1 – C1 Integrated Communities Service.

The service includes the direct delivery and enabling the local communities to deliver the following services:

Support to volunteers

This involves recruiting and training volunteers of all ages to engage in a wide range of activities which strengthen local communities, e.g. Management Committees, under twelves groups, inter-generational work, greater involvement in neighbourhood projects, holiday playschemes, youth mentoring, out of school clubs, under fives groups, adult literacies and adult learning. These opportunities can help with employment prospects as well as promoting positive mental health for the individuals concerned.

Youth work

All youth work focuses on the 4 capacities of Curriculum for Excellence (also SOA 4) in that it enables young people to become successful learners, confident individuals, responsible citizens and effective contributors. Examples of youth work include:

- **Streetwork and detached youth work** – Youth work in outdoor areas which encourages active and responsible citizenship and reduction in anti social behaviour. This takes place in conjunction with the Police and mediation workers from SACRO

- **Drop ins** – open sessions across the city which allow young people to make the first step into a facility

- **Mental and Physical Health** – a range of activities helps to promote these including fitness and sports groups, and groups which give support for mental health. There is also youth work partnership with NHS Grampian at Square 13 focusing on sexual health.

- **Inclusion and equalities** – although intrinsic to the youth work approach specific projects also take place and there is youth work input to the city LGBT (Lesbian, Gay Bisexual and Transgender) Group.

- **Music Projects** – focused music facilitation sessions in conjunction with youth workers. 52k has been sourced from lottery funding to enable young people to gain skills of all kinds and many have gone on to be music tutors or youth workers as well as gaining careers in the music industry

- **Information and Guidance** – is available through all youth work intervention but specifically there is a city wide information service and information points in schools and centres across the city

- **More Choices More Chances** – joint work between youth workers and teachers takes place in schools. In particular there are initiatives focused on the 16+ Learning Choices entitlement. Outwith schools, youth work focuses on young people gaining skills for learning, for life and for work (Building the Curriculum 4). 150 tailored placements per year are offered by the Work Experience Service to those in the MCMC group via ToolKit for Progress.

- **Youth Literacies** is a central plank of all youth work activity

- **Accreditation** – youth work encourages young people to undertake a range of awards such as Dynamic Youth, Youth Achievement Awards and Duke of Edinburgh Awards.

- **Work Experience** – provides the opportunity for all Aberdeen City pupils entering their final year of compulsory education to undertake a weeks work placement with an employer. This equates to approx 1800 placements arranged per academic year

- **Youth Work at Square 13** - Youth workers work alongside medical team providing 1:1 support, or small group discussions on such topics as pregnancy at young age, contraception, drugs, alcohol, healthy lifestyle. This work seeks to contribute to the decrease of young people infected with STI's

- **Youth Projects (Tilly, Torry and Mastrick) -** offer safe and welcoming environments where local young people can engage with skilled and qualified Youth Work staff. Various groups and services take place, offering development opportunities for individuals and the wider community. An example of this includes Tilly Youth Project's citizenship classes for S3 and S4 pupils at St Machar Academy. The project also works with partners such as Shmutrain and Aberdeen Music Initiative in delivering learning opportunities, qualifications, job search, employment training and music tuition.

Community and Services Capacity Building

As public finance becomes restricted, more emphasis will be require to be placed on local communities taking responsibility for planning and delivering local services. Community capacity building activities are essential to enable this to happen. PBB option ECS1 – C1 Integrated Communities Service will see a greater emphasis placed on this area of work. Examples of work in this area currently being undertaken by the Communities team in Aberdeen include:

- **Community Planning Networks and Community Forums –** these take place mainly in Regeneration areas. Co-ordination of regular meetings of representatives of communities, agencies and services to jointly identify and address local issues.

- **Community Project Partnerships –** these develop in response to local needs and involve services and communities working together to develop and deliver specific physical, social and economic regeneration projects

- **Neighbourhood Community Action Plans** – central portal for annual assessment of community needs and services priorities, and the partnerships and projects that will tackle them over a 12 month cycle.

- **Community Councils** - providing advice, support and training as required to 31 Community Councils across the city.

- **Community Newsletters** - supporting local people, when required, to be involved in the production and circulation of local newsletters, including working in partnership with key agencies such as Station House Media Unit

- **Neighbourhood Bulletins** - Production and circulation of 10 issues across the city, on a quarterly basis, providing local updates to residents, multiagency staff and businesses on community and local service activities, including projects within the Neighbourhood Community Action Plans.

- **Learning Partnerships** - Developing 10 Learning Partnerships across the city to enable schools communities and services to work together to address key priorities eg truancy, support to families whose first language is not English.

- **Leased Centres** - Supporting Managing Groups by providing advice and training, as requested, to 24 Leased centres across the city.

- **Tenants' and Residents' Groups** - In conjunction with Tenant Participation Officers, supporting groups with advice, training and access to services

- **Community Centre Management Committees** - Working with locally elected community representatives to oversee and develop community learning programmes in local areas.

- **Staff partnerships –** these are administered to help multiagency staff work together more effectively together, avoid duplication and maximise resources

Adult Learning

Adult Learning in Aberdeen City focuses on local outcome 3 of the SOA: 'people of all ages take an active part in their own learning to achieve their full potential'. Over a 6 month period from January-June 2010, 2016 individuals participated in adult learning activities in the city and 359 undertook literacies learning (figures do not include community training unit figures detailed below). This area of work includes:

- **Family learning** – work with parents of school age children to build confidence and skills, with a view to participants becoming more involved with their children's learning and developing a culture where education and community participation are valued.

- **Community based adult learning classes** – offered across a whole range of subject areas, including health and wellbeing, cultural topics, languages and physical fitness. All adult learning classes aim to create opportunities to participate locally in social, educational and recreational activities, impacting on physical and mental health and building networks within communities.

- **Employability work** – support for individuals to take the first steps towards employment, or to increase potential in current employment, by building skills to match job opportunities. Adult learning tends to work with people who are the furthest from the job market in terms of skills.

- **Core skills** – all adult learning opportunities build participants' core and life skills. Accreditation is also offered in SQA Core Skills units in the areas of Communication, Numeracy, ICT, Working with Others and Problem Solving.

- **Certificated courses** – a wide range of SQA accredited courses is available through our partnership with Aberdeen College, where College tutors deliver in community centres on a curriculum identified by adult learning staff based on local demand.

- **Adult work experience** – offered through the Community Training Unit, this provides work placements for adult returners within a range of local industries. Over a 12 month period, 115 people were helped into employment through this route. Thirty one participants also achieved a qualification through the Confidence to Care course. The Skills Bank service assisted 2,515 people with job searches and 146 people accessed on-line learning through Learn Direct.

- **Adult Literacies -** is central to all adult learning, but is also a specific part of the Service, offering specialist learning opportunities in a wide range of literacies activities, including family literacy, offender literacy, workplace literacy, health literacy and financial literacy. Literacies work helps participants to improve family, work and personal lives by undertaking everyday tasks with more confidence; to improve opportunities to find employment; to better understand issues affecting health and finances; and to participate in local democracy.

- **English for Speakers of Other Languages (ESOL)** –provides learning opportunities for new Scottish residents to acquire English language skills to enable them to integrate fully into their new community, to undertake everyday tasks and to participate in the workplace.

Health and Well Being

This includes drugs and alcohol related education and support, support to self-help groups e.g. autism awareness association and smoking cessation. It also includes regeneration projects to improve local access to active lifestyles. Examples of ongoing work in this area include:

- **Healthy Minds Team** - The Healthy Minds team assist adults in recovery of mental health problems to access learning and leisure opportunities within Aberdeen City. The team provides first step groups across the city such as computing, photography, cooking, sport and music as well as signposting to other community groups. As part of their role the team also raise awareness across the city about mental health by hosting fairs, organising information stalls, working in partnership and taking part in national events.

- **Openspace regeneration** - encourages greater intergenerational use of sites through innovative site based work, events and new facilities

Under 5's

A wide variety of opportunities have been developed throughout the city providing parents with an opportunity to play with their children and learn new skills. All types of play are crucial for children's development and early learning. Play helps children to: improve physical skills and co-ordination; work co-operatively and collaboratively; use all their senses to discover and explore their environment; and develop their imagination, creative thinking and ability to problem solve. Parents and carers are supported to be involved in the planning and delivery of activities for under fives. Funding comes from a variety of sources including grant aid, targeted funding and self financing by the parents. The parents are also involved in fundraising for equipment and staff where required.

- **Parents as Early Educational Partners (PEEP)** - aims to contribute towards improving the life chances of children, particularly in disadvantaged areas. The scheme supports parents and carers as their children's first and most important educators. PEEP is an early learning intervention, which aims to contribute towards improving the life chances of children, particularly in disadvantaged areas. It concentrates on supporting parents/carers to develop literacy and numeracy and self-esteem with their children.

- **Site based projects** - improve the provision of outdoor under 5's and family play facilities

2.2   Benefits of delivering these services:

Effective practice in adult learning, youth work and capacity building develops individual self-confidence and core skills such as working with others, communication and problem solving. Particularly in youth work, and to a lesser extent in adult learning, there is a need for better use of assessment to ensure that participants can identify and build on their learning experiences. Family learning programmes are increasing and are effective in developing interest and aptitude among parents, carers and children in early literacy activities and in supporting the work of nurseries and primary schools.

Community (residents and businesses) involvement in physical, social and economic regeneration projects, alongside service representatives, achieves physical improvements and much needed external investment in areas as well as improving community cohesion.

An emerging feature of the communities service is the positive impact of a range of provision for adults on their mental health and wellbeing. Citizenship activities, such as youth forums or youth conferences, often result in young people taking more active roles in their communities and advocating on behalf of other young people. CLD providers and Neighbourhood Planning Officers work together to support communities to engage with community planning and achieve tangible, visible community improvements. The most significant outcome from this work is a sense of community ownership of new developments, improved community cohesion and considerable pride in achievements.

2.2.1   Examples of benefits include:

Young people campaigning for a local skatepark may become better at working together: A young person who can work well with other people will be more likely to get a job and sustain personal and working relationships

A network of community groups in a local area might take action together on the issues that are important to them: Community groups which work together can use their influence on local services to improve services in their area, as well as work in partnership with services to plan, secure funding and deliver improvements to local quality of life.

Criminal Justice Literacies - One learner on bail avoided imprisonment, attributed in court to his dedicated involvement with Adult Learning. He'd evidenced that he had turned his life around and the saving to society on this individual alone is between £40.000 and £250,000 per year. This individual has now been in full time employment for over 6 months.

Adult learners taking part in a literacy group are likely to become more confident as well as improving their reading, writing and comprehension of everyday English. They may also achieve an accredited award. This in turn can lead to increased employability skills, increased understanding of health issues, more involvement with their children's education and greater participation in local democracy. (Statistics relating to achievements in adult learning are shown in Appendix 1.)

2.2.2   Service Outcomes

Outcomes relate to the economy and employment, to learning and education, to local area regeneration and to getting involved in democracy. This are-

- Increased attainment in core subjects/core skills
- Increased transferrable employability skills
- Increased achievement or qualifications
- Increased participation and citizenship through democratic engagement and voluntary contribution
- Physical regeneration projects and associated social and economic benefits
- Neighbourhood Community Action Plans – providing a platform for resolving community needs
- More people gain and sustain employment or are supported into volunteering
- Communities empowered to manage and deliver services themselves and to shape other services
- Strong organisations able to participate in decision making
- Organisations represent the communities' diversity including equalities and inclusion.
- Individuals have the skills, information and abilities to take greater control of their lives and make positive contributions in their communities and to the local economy.
- More cohesive communities.

2.3   Benchmarking with other Local Authorities

CIPFA Actual Spend Data for Community Learning & Development services show that Aberdeen City Council expenditure on Community Learning compares with other Local Authorities as follows:

Local Authority	Total Spend 08/09 (Actual) **£,000**	Est Annual Spend per head of population **£**
Aberdeen City Council	5302	25
Dundee City Council	12581	88
Edinburgh City Council	12802	27
South Ayrshire Council	2854	26
Renfrewshire Council	3148	19
Argyll and Bute Council	2240	25

The above benchmarking information demonstrates that spend on Community Learning within Aberdeen City Council is broadly similar to other comparable local authorities with the exception of Dundee City Council which spends over three times as much on this service as Aberdeen City Council.

Performance of the service is measured nationally via the HMIe scheme of inspections. Analysis of Aberdeen City Council's scorings for learning communities show that our results tend to sit around the top third of all assessed Scottish learning communities. Inspections focus on four quality indicators which show the impact of community learning and development services on adults young people and community groups, as well as the capacity to measure and evaluate performance with partner agencies

2.4   Budget Implications – income to city:

A key aspect of the work of the Communities team is to attract funding into the City – either directly or in partnership with other bodies. While the amounts of funding will vary due to current workload and opportunities available, the team attracts approximately £X million of external funding into Aberdeen City, and ensures that approximately £Xmillion of internal non-ringfenced money is used to support and develop local communities.

Appendix 2 lists some examples of funding that has been attracted by the Communities team and how it has been used. This list does not include major capital projects such as Woodside Fountain Centre (£2,000,000), a key, multi partner community facility, the development of which was led by the Communities team. It also does not include projects such as the Duthie Park initiative which recently secured £2.5million of Heritage Lottery Funding - Neighbourhood planning had an instrumental role in pulling together, setting up and capacity building a "Friends of Duthie Park" group. Due to this group existing and functioning well together, a successful application was delivered to secure this important funding for the City.

Other examples include:

- **Mastrick Town Centre Regeneration** - Successful bid for over £360,000 from the Scottish Government's Town Centre Regeneration Fund and other funders to create a thriving, sustainable, civic space for shoppers and retailers and to make the shopping centre safer, cleaner and more attractive to everyone. Bid was co-ordinated by the local Neighbourhood Community Planning Officer in partnership with local community groups supported by the local Principal Community Learning Worker. Additional funding of

£26,000 was secured with the help of the Principal Community Learning Worker to develop and improve the play area adjacent to the shopping precinct.

- **Community Food and Health (Scotland)** - Mastrick Young Peoples Project successfully applied to the above initiative and received just under £2,000 to deliver a series of healthy eating initiatives with a group of local girls from the Summerhill, Mastrick and Sheddocksley areas. Funding enabled the delivery of cooking lessons, access to a locally run ReHIS course and the purchase of some additional cooking utensils for the local drop in youth café.

- **Northfield Playscheme** - Community Learning and Development support around 10 local people to run a voluntary Summer Playscheme for local children. For 4 weeks twice weekly day trips are organized for primary age children to venues across the country (Edinburgh Zoo to Aden Country Park). Around 80 children participate in each trip (560+ attendances); funding of around £3000 is raised from a variety of sources; around 1200 hours of volunteering (value £12000+); many volunteers progress to employment or further education.

- **Northfield SkatePark Initiative** - Received £4691 from Cashback for Communities. The success of this initiative depended on Community Learning and Development youth workers engaging young people in a programme to develop skills in skatepark activities; TransitionExtreme provided skills training and some young people received additional training as 'peer leaders' and in looking after facility. Impact - 20 young people participating in weekly skatepark sessions; 7 peer leaders   who took responsibility for ongoing care and development of skate park; Increased usage of skatepark during week as constructive activity; Most young people reported increased skills; Some young people reported increased self confidence and developed transferable skills

- **Fire Football** - Community Learning and Development in partnership with Community Wardens, Grampian Fire & Rescue and Grampian Police worked with local young people one evening per week to tackle the issue of willful fire raising. This is done through weekly football sessions held at a time identified as a specific problem. 50 young people participate weekly. Grampian Fire & Rescue have reported a dramatic downturn in willful fire raising across the Northfield area since the inception of the programme Funding obtained through local businesses £1,200.

- **Drugs Action Outreach** - Community Learning and Development work with Aberdeen Drugs Action to promote and develop weekly local advice/needle exchange services in Mastrick and Northfield. Community Learning and Development staff support and encourage young people/adults to use drugs service and Drug workers signpost to youth work and adult learning opportunities. ADA provide training for youth workers and other staff. Significant reduction in discarded needles.

- **Westerton Park Revival Project -** - Following a neighbourhood planning consultation event, the local community prioritised Westerton Park for regeneration and investment. City Council Services (Neighbourhood Planning and Landscape Services) and Aberdeen Greenspace worked up an initial site plan and secured Westerton as a pilot site for Aberdeen Play Forum come and play initiative (a play development worker runs sessions on site weekly with children and family groups). Subsequent public consultations were supported by Northfield Community Learning and Development Team and Aberdeen Greenspace and local park champions. As a result, an improvement plan, costed at £70,000 was identified including reinstatement of football pitch, multisports goals, refurbishment of play facilities and introduction of new equipment, seating and landscaping and path improvements and an adult gym. Funding secured - to date £58,000.

- **ARAMARK** - The largest Facilities Management Organisation in the world provided up to £30,000 worth of materials and staff time to work in partnership with local people from Northfield to renovate building. Staff from ARAMARK have now volunteered to run

classes on various topics including healthy eating resulting in further saving in staffing budgets. In the process of negotiating employment opportunities within the company for young people from the Northfield area. This is led by Community Learning & Development staff who are looking at other possible developments with the private sector.

2.5   Issue or Opportunity

As a result of the three neighbourhood (North, Central and South area) services and the strategic leadership service coming together, there are opportunities to streamline the service through the integration and restructure of the service. These changes will deliver £1.1million of savings to the Council, without significantly reducing frontline outcomes. These are detailed in the business case linked to PBB option **ECS1 – C1.**

This alternative option, to cease the full communities team while delivering a greater short term financial saving, will create a range of issues including missed opportunities for supporting communities and individuals to reach their potential, and problems in relation to failing to meet our statutory obligations, and a likely detrimental impact on deprivation rankings in the City.

There may also be contractual and reputational difficulties where funding has been received from external organisations to deliver outcomes, if the agreed outcomes are not fulfilled. Implications could include these funders withdrawing their support for Aberdeen City for future funding possibilities, potentially impacting on other services delivered by the Council and its partners.

2.6   Business Need

2.6.1   Legal Requirement to deliver Communities Team services.

Legislation for Education in Scotland provides significant powers to local authorities in relation to the adult learning and youth work roles of CLD. These include powers to secure the delivery of adult learning and youth work provision by others.

The duties of local authorities in these areas are limited. Nonetheless there is a significant duty to secure adequate and efficient provision of voluntary, part-time and full-time courses of instruction for persons over school age and social, cultural and recreative activities. The duty to provide further education, which these provisions fall within, is placed alongside the equivalent duty for school education.

In relation to these powers in Section 6 of the Education (Scotland) Act 1980, education authorities are given a duty to co-operate "as far as practicable" with (other) local authorities, "voluntary societies" and other bodies; and a further power to assist any body whose objects include the provision or promotion of social, cultural and recreative activities and physical education and training, or facilities for these.

The duty to promote social welfare is stipulated in the Social Work (Scotland) Act 1988. This is a key role of the communities team.

Section 15(10) of the Local Government (Scotland) Act 2003 requires local authorities to consult and co-operate with "community bodies", while section 15(2) requires them to invite and encourage community bodies to participate in community planning. Section 16(2) places a duty on other bodies required to participate in community planning to assist the local authority in this role as facilitator. This is a key function of neighbourhood planning and community learning and development under community capacity building.

In relation to neighbourhood planning, Aberdeen City Council's Corporate Policy and Performance Committee's orders of reference include

- To develop and approve corporate policy and strategies including partnership working.

- To oversee the community planning process.
- To agree and monitor neighbourhood community action plans.
- To ensure involvement of community, neighbourhood networks and partners in Committee decision making

Under the heading of "Supporting the Process" (of community engagement), the Statutory Guidance emphasises the importance for effective community engagement of building the capacity of communities:

> "Building social capital – the motivation, network, knowledge, confidence and skills – within communities should be an integral part of achieving more effective community engagement. Local authorities, in conjunction with other community planning partners, should provide support to community and voluntary bodies to facilitate community engagement in the community planning process to those communities most in need. Support given should respect the independence of these bodies."

It then immediately goes on to refer to the role of CLD in this context:

> "CLD can play a central role in supporting the engagement of communities (including young people) in the community planning process…Support will also be provided by CLD partnerships to assist community bodies to develop their own ideas for their community including education and training support – this support will be targeted towards disadvantaged communities. CLD partnerships provide one important means of engagement for community planning partnerships."

Section 16(8) of the Act requires Scottish Ministers, when discharging any of their functions, to promote and encourage community planning. Given that one of the two main aims of community planning is "making sure people and communities are genuinely engaged in the decisions made on public services which affect them" this duty placed on Scottish Ministers can be seen as relevant to CLD.

The document "Working and Learning Together to Build Stronger Communities" (WALT) 2004 is described as "guidance" which replaces a previous Scottish Office Circular (4.99). The Education Scotland Act 1980 as amended by the Further and Higher Education (Scotland) Act 1992 provides the legislative base that enabled Ministers to issue Circular 4.99, and so appears to continue to provide the legislative base for WALT.

WALT describes Community Learning and Development as "a way of working with and supporting communities…..central to 'social capital' – a way of working with communities to increase the skills, confidence, networks and resources they need to tackle problems and grasp opportunities."

WALT notes that Community Learning & Development contributes to:
- Lifelong learning
- Community Regeneration
- National Priorities for Education
- Targeting activity to work with excluded and disadvantaged people
- Helping agencies and partnerships to work with communities as an important part of community planning and service planning
- Developing active citizenship
- Building Stronger Communties
- Supporting personal development across all age groups and building community capacity

Social Capital Outcomes include working with excluded and disadvantage individuals, groups and communities to achieve:
- More organised and influential communities
- More skilled communities with better access to education
- Communities with better access to resources and more control over assets
- More inclusive communities with wider involvement

2.6.2   Child Poverty:

Guidance for Community Planning Partnerships on community learning and development and the subsequent Joint Scottish Government and COSLA Statement on Community Learning and Development (CLD). recognises the contribution that CLD can make to giving children the best start in life, in particular through work with their parents, others who care for them and the wider community that contribute to children's earliest experiences. This can take the form of: community development; empowering groups to make things happen on their own terms; adult learning in communities, helping people to take the first steps back into learning or to access and sustain employment or working with young people to help their personal, social and educational development.

2.7   Strategic Fit

CLD and neighbourhood planning in Aberdeen are important in delivering on a number of key local and national strategies:

- Aberdeen Learning Strategy
- Early Years Strategy
- Aberdeen Alcohol and Drugs Strategy (draft)
- Curriculum for Excellence
- Skills Strategy
- Literacies Strategy
- Equally Well
- Workforce plus – an employability framework for Scotland
- Getting it Right For Every Child
- More Choices More Chances : a strategy to reduce the proportion of young people not in education, employment or training in Scotland, including 16+ Learning Choices
- Skills for Scotland : a Lifelong Learning skills strategy
  Working and Learning Together (WALT)
  Adult ESOL (English for Speakers of other languages)
- Life Through Learning: Learning Through Life and the emerging skills strategy;
- Scotland's regeneration strategy, People and Place
- Moving Forward – the recently published national youth work strategy
- Neighbourhood Community Action Plans
- Aberdeen City Council Regeneration Strategy
- Aberdeen City Council Open Space Strategy

2.8   Conclusions

It can be concluded from the above that the work of the Communities Team (comprising Community Learning & Development and Neighbourhood Community Planning deliver a statutory function for the Local Authority. Therefore to remove all funding from this service will result in Aberdeen City Council failing to deliver its statutory responsibilities. The repercussions of this may be legal, financial and reputational.

3.   Description of Project

3.1   Objectives

The project will see all funding for services delivered by the communities team cease.

This will involve managing the disestablishment of all posts within the service, and managing the resultant impact on contracted staff.

It will also involve communicating and managing the cessation of funding and support to all Community Centre Management Committees; Leased Centres; supported organisations (9 commissioned projects and organisations: Fersands, Middlefield and Printfield Community Projects, Aberdeen Lads Club, St Machar Parent Support Project, WEA, SACRO, Aberdeen Drugs Action and VSA); neighbourhood planning partnerships, the 10 Learning Partnerships, the Aberdeen Early Years and Childcare Partnership, the Public Health Forum, Aberdeen Drugs and Alcohol Partnership, ACVO, Community Councils, Aberdeen City Youth Council and The Aberdeen City Alliance.

Discussions with Management Committees and Leased Centres committees will include consideration of whether these committees would have the desire, capacity and capability to potentially fully take on the responsibility for their associated community facilities. Depending on the outcomes of these discussions, further policy decisions may be required by the Council.

It will also involve managing the cessation of projects which are externally funded including seeking agreements with the funders for non-delivery of outcomes. There may be financial costs associated with this work.

3.2 Scope

The scope of the project is limited to the Communities team within the Education, Culture & Sport Directorate, however it will impact on all other services within the Council, and many partnership agencies. Therefore a high level of complex negotiation will be required and detailed exit strategies developed and delivered.

3.3 Out of Scope

Define any key areas that may be viewed as associated with the project, but which management feels should be excluded from scope.

3.4 Timeline

Detail the key phases and milestones for the project, set out an outline implementation plan.

3.5 Outcomes

The outcomes of the project will be the cessation of the following services: Community Training Unit, Community Learning and Development, Neighbourhood Community Planning Officers, Work Experience Unit and support as outlined in 1.1

3.6 Stakeholders

Those affected in achieving the goals are –
- Citizens of Aberdeen
- Council and supported project staff
  - Education, Culture & Sport Staff
  - Health & Wellbeing
  - Corporate Governance
  - Housing and Environment
  - Enterprise, Planning & Infrastructure
- Centre Management Committees
- Police
- Health Service
- Higher/ Further Education
  - Aberdeen College
- Fire Service
- Third Sector

- o AVCO
- Leased Community Centres
- Community Planning partners
- Private sector
- Trade Unions
- Scottish Government

The project will involve the development of a detailed communication strategy setting out how each of these stakeholders will be made aware of the Council decision; the implications for each stakeholder; and any further communications required throughout the process.

5.   Risks and Constraints

5.2   Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Loss of City Council Reputation		Council Wide	14/1/11	High	High		Robust communications plan to be developed. However it is unlikely that this would be fully successful in mitigating this risk.
	Reduction in performance by Council in national standards inspections		Education, Culture & Sport/ Council Wide	14/1/11	High	High		No mitigation is possible, as Communities activities are specifically assessed as part of HMiE inspections
	Public well being will suffer		Council Wide	14/1/11	High	Medium		Increase activity/ spend in other public services.
	Increase in costs for other public services – due to increased unemployment; lower levels of attainment; more young people becoming disaffected; increased mental health difficulties; Increasing numbers of young people not in education or training; increasing numbers of the population with poor basic literacy and numeracy		Council Wide	14/1/11	High	High		Robust communication strategy to make other services (schools, social work, police, health, fire and rescue and the voluntary sector) aware.

skills; reductions in community cohesion.							
Legal challenge		Education, Culture & Sport	14/1/11	High	Medium		No mitigation identified
Reduction in Central Government funding due to Council not meeting statutory requirements		Council Wide	14/1/11	High	Medium		No mitigation identified
No access for public to community centres		Education, Culture & Sport	14/1/11	Medium	High		Discuss options for public ownership of assets with Centre Management and Leased Centre Committees.
Increase in anti-social behaviour		Council wide	14/1/11	High	High		Increase activity spent reacting to antisocial behaviour by other Council departments and other public sector.

6.   Options

6.1   Option 1 – Giving the service to Leased Community Centres to manage

This option would involve handing over the management of the service to one or more Leased Community Centres.

Financial Implications:

It is unlikely that there would be any financial advantages as a result of this option. Indeed, if the management of the service were to be divided up among all 24 Leased Community Centres, then it would be likely that staffing resource would increase, and certainly the £1.1million of savings identified through a re-engineered and realigned service (PBB ref ECS1 – C1) would not be achievable.

The development of legal agreements with one or more leased community centres would require specialist legal and financial advice, which based on previous comparable projects would be estimated to cost in the region of £500,000 (if a decision to take this option was taken, there would be a requirement to build this into the service budget for year 1.)

There may be some financial savings, if leased centres were to gain charitable status, by way of NNDR relief (estimated to be >£10,000 per year.)

Resource would require to remain within the Local Authority to ensure that the Council's statutory responsibilities were being delivered. Depending on the number of Leased Centres involved, this resource may be significant.

Leased Centres may request additional resource to procure independent legal and financial advice.

Legal Implications

The leased centres would require to have an appropriate legal status to take on the management of this service (such as being a Charitable Trust.)

Detailed legal agreements would have to be developed and agreed by the Council and the Leased Centres, and appropriate monitoring arrangements put in place, to ensure that the Council's interests were protected and statutory requirements were delivered.

A decision to transfer the management of a significant financial value of Council service to one or more specific external organisations, without going through an options appraisal or any formal procurement process, may leave the Council open to legal challenge, both in relation to procurement legislation and State Aid.

TUPE legislation will apply to all staff within the Communities service, and may apply to staff within other Council services including Finance, HR and Legal.

People Implications

Leased Centres would have to have the capacity, capability and willingness to take on this additional responsibility. (It is noted that during a recent consultation exercise which sought to determine whether Leased Centres wished to take on the management of their utilities and services such as telephones in return for an increase in grant from the Council, during an event on the 23 August 2010, the general view was that they did not wish to take on the additional responsibility of arranging their own utilities – therefore it would be questionable whether there would be the willingness to take on the responsibility for an entire Council service.)

Additional Council staff resource may be required to build the capacity within the communities to take on the service. A full review would be required to determine the requirements and costs of this additional support.

Staff currently employed by the Council to deliver the Communities service would be identified for TUPE transfer.

Implications for other services

Detailed service level agreements would require to be developed with other services such as Social Work and the Education service to ensure that the service continued to work in partnership with these services.

Measures would have to be put in place to ensure that Leased Centres co-operated with the Council in relation to national inspections. During the recent HMIE inspection at Harlaw, the local Leased Centre did not co-operate with the inspection which resulted in a lower score for that element of the service, resulting in a more negative inspection than may otherwise have been achieved.

Work is about to commence in relation to transferring Cultural Services into an arms length management organisation (ref PBB option ___), and potentially also including the Communities team. If a decision was made to transfer the Communities service to Leased Centres prior to the options appraisal being completed, then this may lead to opportunities being lost. In addition, the more independent organisations that the Council has funding/ service relationships with will require a greater monitoring resource to remain within the Council.

Other Implications

Work is currently ongoing to consider the implications of the community ownership of assets, a decision to move the management of the Communities service to one of more leased centres prior to a final decision on this matter being taken may result in potential opportunities being lost.

Recommendation

In relation to this potential option, it is recommended that this option is considered as part of the PBB option to move Cultural Services to an arms length organisation full options appraisal. This option could include Cultural, Communities and other services and will consider transferring to a newly created trust, or to an existing trust (s) or other incorporated bodies (which could also include leased community centres).

6.4   Recommended Option

It is recommended that £1.1million of savings is realised through the realignment and integration of the full communities service, (PBB option **ECS1 – C1**), and that under the proposal to move Cultural Services to a trust (PBB option ECS1-C3), officers include the option of leased centres managing the communities service as part of the wider options appraisal.

7. Cost and Benefits Analysis

7.1   **Cost and Benefits Analysis**

7.2   **Expected Costs**

-

7.3   **Expected benefits**

8. Investment Appraisal

9. Recommendations

The proposal was made within the context of ongoing Revenue budget reductions and awareness that other sources of funding are limited because of being operated by the Council.

9.1   **Key Recommendations**

Due to the high risks and significant loss of income and benefits to the city which would result if this option were to be implemented, it is recommended that this option is not selected. However in recognition of the financial position that the Council finds itself in, it is recommended that the alternative PBB option ECS1 – C1 "Integrated Communities Service" option is taken which would deliver a £1.1 million saving to the Council will minimal impact on the public of Aberdeen.

9.2   **Assumptions and Dependencies**

- It is assumed that there would be no legal challenge to the decision.

- It is assumed that sufficient capacity would be made available to communicate with all stakeholders and to manage the processed involved in disestablishing the posts of over 700 staff.

10. Implementation Approach

- Project governance structure (Project Roles and Responsibilities) – Project Implementation Team

- Project implementation phases – to be scoped out.

- The milestone plan and outcomes including the dates to accomplish

- Expected costs and resources – will depend on detail of final outcomes.

11. Appendices

Appendix 1 - Statistics relating to achievements in adult learning

Report on Adult Learning Provision through Aberdeen City Council Community Learning and Development

In the period January 2010 to June 2010 there were 2375 individual participants accessing Adult Learning provision, and 3018 enrolments on 400 courses. Of these there were:

416	(14%)	enrolled on activities that improve literacy and numeracy
190	(6%)	enrolled on activities that prepared them for further training or college
329	(11%)	enrolled on activities that improve employability
266	(9%)	enrolled on that support them to become more active in the local community.
939	(31%)	enrolled on activities that improved their confidence
414	(14%)	enrolled on activities that improve parenting skills (to help support children with learning)
358	(12%)	enrolled on activities in Family Learning (organised by the Family Learning Team)
475	(15%)	enrolled on activities living in Aberdeen in most deprived 15% of Scottish datazones (342, 14% individual participants)

705 participants have returned evaluations of their learning. They report that as a result of their involvement:

81	(11%)	thought their readiness for further learning had improved
283	(40%)	thought their reading, writing and number work had improved
516	(73%)	thought their confidence had improved
264	(37%)	thought their parenting had improved (better prepared to help children with learning)
529	(75%)	thought course had fully or partly achieved stated aims
181	(26%)	thought their employability had improved
402	(57%)	participants stated that the course had made a difference to their life
552	(78%)	participants responded that their knowledge and skills had improved

Aberdeen City Council

Capital Plan 2011- 15
Interim Business Case
Property Services LLP
Report Number HE_RHI_01

Contents

Document Control

Document Owner

Owner	John Quinn

Document Approvals

Name	Signature	Title	Date	Version

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

The Transfer of the Service into a Limited Liability Partnership (LLP) operating as an arms length company of the Council.

The Service is Regeneration and Housing Investment and provides the following

- Asset Management and Building Consultancy Services for the Council's Housing Stock

- Building Services (Repair and Maintenance Services)

- Housing Led Regeneration and Construction Services for the Council

The Building Services arm of the Service is recognised by its peers as very efficient and has recently been successful in tendering for contracts from within the Council (non housing) and other public sector bodies in the area. The service is also upskilling to deliver more of the Capital works within the new framework contracts to be issued shortly by the Asset management and Building Consultancy team.

The Asset Management Service is responsible for the delivery and maintenance of the housing assets to ensure that they exceed regulatory standards (SHQS) and is effectively responsible for the delivery of the Council's HRA business plan.

The Construction Services are delivering the first phases of Council Housing for the City for over 40 years, and are responsible for progressing the physical regeneration of communities in need throughout the City.

The Building Consultancy Services provide the required consultancy support (architectural, surveying, engineering, project management support) to ensure delivery of all the services projects.

1.2 Benefits

The benefits of the project are:

- To create the vehicle through which the service can trade in the open market which currently it is unable to do for legislative reasons

- To create a vehicle through which the service can establish Joint Venture (JV) and partnering arrangements in the open market to ensure it can deliver on its targets (increased Affordable Housing, SHQS standards, Regeneration initiatives)

- To minimize development and capital costs for the HRA account

- To generate surplus finances for the Council

1.3 Costs

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						

Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (A)	28,072,000	30,556,000	34,558,000	36,778,000	36,778,000	166,742,000
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)	**28,072,000**	**30,556,000**	**34,558,000**	**36,778,000**	**36,778,000**	**166,742,000**
Benefits (Income)						
One off benefits						
On-going benefits						
TOTAL (C)	31,500,000	35,017,000	40,424,000	42,808,000	42,808,000	192,557,000
NET BENEFIT (C-(A+B))	3,428,000	4,461,000	5,866,000	6,030,000	6,030,000	25,815,000

1.4 Investment Appraisal

Measure	Value
Payback (years)	*1.6*
Net Present Value (over [x] years)	*£6,390,000*
Internal Rate of Return (IRR)	*112%*
Anything else calculated e.g. gross / net depth of funding	*n/a*

The calculations above are based on an initial investment of £700,000 in the LLP by the Council. This funding would primarily cover the start up costs on the basis that the LLP would continue the current charging arrangements in respect of the services' use of Council assets such as buildings, vehicles and plant. If a different arrangement is sought the appraisal will need to be revisited.

The payback shown is not discounted. The discounted payback value is 1.7 years at a 6% discount rate.

The NPV has been calculated based on a cost of capital of 6%. It has been calculated over 5 years as this is the timescale covered by the PBB exercise and the places included in this business case cover that same period.

1.5 Recommendation

The Service has explored 4 main options to help it realise its targets.

1. Standstill Option

    This is where the Service continues to provide its services in the manner it currently does. This provides none or very limited opportunities for growth of the business which is suited to operate in the open market.

2. Outsourced Option 1

    This is where the service becomes an arms length company with charitable status. This model doesn't suit this service within the Council because it is not for profit making.

3. Outsourced Option 2

    The Service is sold in part, or whole, or for a tendered timescale. In this model the Service is sold to an existing company or organization for a fee as a going concern. It provides a one of payment for the Council, who in turn lose control of the Service and receive no future returns for future development.

4. Outsourced Option 3 **(Recommended Option)**

    The service becomes a Limited Liability Partnership (LLP) which allows it to trade in the open market, retain its core business with the Council, and is tax efficient (no requirement to pay VAT or Corporation Tax) It can provide surplus to the Council through a variety of mechanisms, including investment in regeneration areas.

Assumptions

The business case is predicated on the following current management and change management assumptions operating within Aberdeen City Council

*   The Council is committed to a 5 year Priority Based Budgeting (PBB) programme encouraging comprehensive review of delivery options for Service

- The Council requires to save £120m over next 5 years
- The Council is committed to co-ordinated delivery to sustain its communities within the City
- The Housing Investment and Regeneration Service (HIRS) is funded through the Housing Revenue Account (HRA) which is ring fenced through legislation
  - The HRA returns c. £65m per annum on Council Housing properties.
  - £22m is reserved for response and cyclical maintenance.
  - £c.25m is reserved for current modernisation and upgrading programmes until 2015
  - £c.30m is borrowed for capital investment programmes each year
  - £15m is currently borrowed for current new build programme.
  - The other monies are reserved for housing and tenancy management
  - The HRA is working to a debt of c. £30m. Costs and budgets will rise in accordance with inflation
- The Council recognises that the HIRS is contracted to deliver other contracts on behalf of the public sector, including 2 non housing repairs contracts for the Council.
- The Council recognises that HIRS is currently making an estimated £3.5m surplus to contribute to Council overheads comprising
  - £2.5m from Building Consultancy Services
  - £1m from Building Services
- The Council recognises that HIRS is unable to deliver contracts from private sector organisation or private owners, 23,000 of whom are in ex Council housing stock
- The Council is looking for an appropriate delivery vehicle to deliver large Regeneration Initiatives as initially masterplanned and approved in 2006.
- 70% of the Council's Housing stock is in recognised Regeneration areas
- The Council is looking for an agent to ensure proper delivery of its affordable housing plans as indicated through its recently approved Structural Plan.

To ensure delivery of the project, the business case is further predicated on these new assumptions

- The current surplus from the Service (£3.5m) remains constant over the five year period, with business growth coming from the expanding operational service.
- This is forecast to deliver an additional £8m of income over the five year period.
- Existing staff will transfer to the new organisation under TUPE
- New staff will be recruited on new terms and conditions of employment
- A one- off cost of c. £600,000 has been identified to cover start up costs (including rebranding and marketing)
- An annual marketing budget will be identified
- The forecast increase in income is dependant on the timetable for implementation being closely adhered to.

1.6   Consequences of not undertaking the project

The risks of not proceeding with this project are:

- inability to grow a successful business and secure funding

- to deliver the affordable housing requirements of the Council

- to deliver regeneration in areas of need

- to erase HRA debt

- to contribute to Council Financial needs

- to retain current skilled workforce

- improve on an increasingly productive service

- inability to build on ACC reputation as a market leader on repair and maintenance delivery

2. Background

2.1 Current Situation and Business Need

The service has responsibility for delivering and maintaining affordable housing within the council boundaries, and for developing and delivering housing led regeneration opportunities within the city. It does, however, face the challenge of identifying funding streams to ensure delivery.

To complement this, businesses within the Service are already generating surpluses for the Council. However, because they are constricted from operating within the open market to generate income, growth opportunities are limited. Also, current terms and conditions of employment prohibit efficient growth due to the high cost base this creates in comparison with the external market environment.

The Service need is to fund new opportunities and developments in building services, consultancy and asset management. The need of the businesses within the Service is to grow as businesses and generate profit. This profit will be offered to the Council as the principle shareholder and in turn some of it may be used to fund housing and regeneration opportunities at the Council's discretion.

2.2 Issue or Opportunity

The funding requirements of the Council to deliver on its housing need is now severely compromised through a lack of funding being made available. This is due to a number of reasons including the reduction of Government grant, the requirement for increased capital spend on current stock to preserve standards, the current economic climate creating variations in housing and regeneration requirements (increased emphasis on delivery of affordable housing models).

The time is now ripe for the Service to explore income generating models to allow it to deliver its services and deliver on its targets for improving its existing stock, delivering more affordable houses for the city, and regeneration.

The service recognizes the opportunity to increase its income by

- Delivering more of the Capital Works of the Council through Building Services instead of through external contractors

- Increased income from delivering repair and maintenance services, and consultancy and asset management services in the open market (including to 23,000 former council houses)

- Securing funding opportunities through asset management of the Council Housing assets

- Increasing contracts for services with other public sector bodies in the |North East of Scotland (NHS, RSL's, Police, University etc.)

3. Description

3.1 Objectives

- Deliver a quality affordable Housing stock within the boundaries of Aberdeen City Council

- Deliver on agreed regeneration plans in areas of need within the city boundaries of Aberdeen City Council

- Provide a self financing vehicle to generate income for the council and HRA

3.2 Scope

The timeline for the commencement of the project is immediate, with the LLP legally formed by October 2011. Prior to October, a 6 month programme will be established to formalise the company.

The Service involved is the Regeneration and Housing Investment Service (whole service) within the Housing and Environment Directorate. The functions transferred to the LLP will be the Asset Management (Housing), Building Consultancy (Housing), Building Services and Regeneration Management Initiatives of the Council.

The LLP will be contracted to provide these services for Housing Delivery for the Council, all non housing repairs and maintenance contracts for the Council, and will be contracted to act as development agent for the delivery of affordable and private housing on all Council land.

All staff, current contracts and leasing arrangements (fleet, premises) attached to the current Service, and IT and soft fittings within the Service are to be transferred to the new vehicle.

The LLP intends developing Service Level Agreements (SLA's) with other Council functions for the delivery of its requirements (HR, IT, Legal etc.)

The Governance arrangements for the LLP will be as follows

Aberdeen City Council

Directorate (to be determined)

LLP Board (responsible for reporting to the agreed Council Directorate)

LLP Directorate (responsible for reporting to LLP Board)

3.3 Out of Scope

The strategic plan for the delivery of housing in the city, tenant participation responsibilities, Council governance requirements rest within the scope of Housing Management, which will be the service the new LLP will be contracted to.

3.4 Timeline

The timetable below is based upon the need to secure Committee decisions at critical stages and links into the current Committee timetable. This timescale could be reduced by means of use of special committees or by delegating powers to the shadow board.

Phase/ Milestone	Description	Timescale/ Milestones
Phase 1 (Preparatory) Feb – Oct 2011	Formation of Shadow Board	March 2011
	Development of Full Business Plan	Oct 2011
		Oct 2011
	LLP formed, Contract signed,	Oct 2011
	Board ratified , SMT recruited	
Phase 2 (Transfer)	All Staff Relocated to Kittybrewster	July 2011
	Preparation of TUPE Arrangements	July 2011
	Rebranding and Marketing	Sept 2011
	Transfer of Staff	Oct 2011
	Transfer of Assets	Oct 2011
Phase 3 (Operational) (Development of strategic plans for delivery to complement current contractual operations)	Asset Management Plan	Jan 2012
	Regeneration Strategy	March 2012
	New Build Programme 2012 - 2017	March 2012
		March 2012
	LLP Growth Plan 2012 -2017	

3.5   Outcomes

This option delivers the following outcomes

- Generates £8.7m additional income to the Council General Fund by 2017

- Delivers and maintains all 22,800 council houses to SHQS standard by 2015

- Delivers efficiencies to help erase debt of HRA business plan by 2040

- Secures employment for 450 staff for 5 years

- Provides 50 apprenticeships for young people by 2017

- Provides 50 new job opportunities for local people by 2017

- Establishes Joint Venture (JV) special purpose vehicles for regeneration of North of City, Seaton, and Torry by 2015

- Establishes JV special purpose vehicles to deliver target of 9000 affordable houses for City by 2030

3.6   Stakeholders

Tenants

The tenants have recently completed a documented tenant's review of the service and are encouraging the service to develop its business through becoming an LLP (Dec 2010)

Elected Members

Elected members have been briefed on the model and will be reported to through agreed governance arrangements

Staff

All staff and trade unions have been briefed of the option to become an LLP with generally positive feedback

Private Sector Providers

Private Sector Providers have been briefed through Homes for Scotland and Stakeholders meetings which have included the Chamber of Commerce. All have welcomed the commercial approach to delivery an LLP can bring, and the greater opportunity for partnership working they see through the model.

Public Sector Providers

Public Sector Providers have been briefed through RSL networks, stakeholders meetings, and arranged meetings. The LLP model was welcomed as a way forward.

4. Business Need and Strategic Fit

4.1 Business Need and Strategic Fit

The Business Need is to provide a stream of income to deliver the strategic objectives of the Council to deliver 9000 affordable homes in the city by 2030 (Aberdeen City Local Plan 2010) to regenerate the agreed areas of need identified in the city (regeneration strategy 2006), to deliver all housing stock to Scottish Housing Quality Standard (SHQS) by 2015 and to deliver these targets within a robust 30 year HRA Business plan. There is also a need to maximise income generation to the Council General Fund account.

Operating in the current mode inhibits opportunities for business growth and income maximisation. It also hinders flexibility around commercial ventures and decision making. Current terms and conditions of employment prevent efficient business growth due to the resulting high cost base.

Currently, the vast majority of the Council's Housing Capital programmes is delivered by external contractors, who need to make a return to investors as well as having to pay tax. This is money that is leaving the Council which could be better kept within the Council. For this to happen, the Council operation must be at least as efficient as the private sector providers.

Outsourcing options enable new business growth opportunities in the private housing and non housing markets. Whilst having sound governance arrangements with strong links to the Corporate body and Elected Members, the new organisation will have the commercial and operational flexibility to capitalise on market opportunities.

4.2 Strategic Fit

The service can lever a positive effect on the Council's six strategic objectives as follows:

Priority 1: The services we provide and secure for the most vulnerable members of our community.

The LLP option will secure affordable housing availability, improve the quality of life of those in regeneration areas and create employment opportunities.

Priority 2: The opportunities we provide for all our school children to attain and achieve the very best of their potential

Quality housing has a positive impact on the development of our children and young people and contributes to the development of nurturing communities. The delivery through the LLP of training and apprenticeship schemes further enhances opportunity

Priority 4: The framework we establish to encourage the building of new affordable housing within the city.

The LLP will be responsible for overseeing the provision of new quality affordable housing to enhance or develop sustainable communities which in turn supports every part of the local economy, and encourages economic growth for the City. New housing will also provide regeneration and development opportunities for the LLP, and employment and apprenticeship opportunities for residents of the city.

Priority 5: The support we put in place to ensure the sustainable economic future of the city.

The impact of the availability of affordable housing is crucial to the development of the local and area economies. This is particularly relevant in Aberdeen due to the high cost of private sector housing relative the rest of the country.

The LLP Option supports the delivery of the Single Outcome agreement with particular reference to

- **National Outcome 10**: "We live in well designed sustainable places where we are able to access the amenities we need"; and
- **National Outcome 14**: "We reduce the local and global impact of our consumption and production"

This is in addition to contributing towards the achievement of the following strategic priorities laid out in the Community Plan Update 2008:

- **Affordable Housing** – Increasing the levels of affordable housing in new housing developments; and
- **Regeneration** – Improving the quality of life in our most deprived areas.

5. Risks and Constraints

5.1 Risks and Constraints

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
	Lack of New Business			tbd	High	Low		
	Recharge Constraints		Corporate Governance	current	Medium/ Low	High		
	Staff Flexibility				medium	low		

Commentary

Lack of new business:

The potential impact of this is low risk to the service in isolation as the service already makes a surplus. However, there is a risk to the sustainability of the council's 5 year business plan for the general fund account if sufficient additional income is not achieved. This risk is mitigated to a large extent as the main source of income comes from a growth in work from the Council's own Housing Capital Programme.

Recharge Constraints :

The current recharge process within the Council will place a requirement for the LLP to deliver a sustained level of activity before it can make profit for the Council. This may constrain the LLP from being able to develop other initiatives to reach its targets of delivering new house building and regeneration programmes for the City. However, the risk is medium to low given that the recharge is based on growth attributed to an agreed programme of work for the Council.

Staff Flexibility :

The current terms and conditions for staff in the Service do not mirror the industry where incentive schemes and bonuses deliver productivity. An arms length company of the Council allows for growth in staff flexibility and the management of staff to increase opportunity for staff members and for the company.

Comparison with other Options

These risks when measured against all options are as follows

Description	Option	Impact	Probability
Lack of New Business	Standstill	High	High
	Trust	High	High
	Sell Off	High	Low

	LLP	High	Low
Recharge Constraints	Standstill	Medium/Low	High
	Trust	High	High
	Sell Off	High	High
	LLP	Medium / Low	High
Staff Flexibility	Standstill	Low	Low
	Trust	Low	Low
	Sell Off	High	High
	LLP	High	High

6. Options

6.1 Option 1

Standstill Option

This is where the Service continues to provide its services in the manner it currently does. This provides none or very limited opportunities for growth of the business which is suited to operate in the open market.

The Service will continue to provide £3.4m per annum until 2015 (end of SHQS programme) with a potential drop of income afterwards. There would be no additional surplus for the Council.

Estimated total surplus over 5 years is £17m.

6.2 Option 2

Outsourced Option 1 - Trust

This is where the service becomes an arms length company with charitable status. This model doesn't suit this service within the Council because it is not for profit making.

The Service will continue to provide through a Trust Fund £3.45m until 2015 with a drop of income afterwards. This disposal of the surplus will be ringfenced according to rules of the Trust. There would be no additional surplus for the Council.

Estimated Total over 5 years is £17m.

6.3 Option 3

Outsourced Option 2 - Sell Off

The Service is sold in part, or whole, or for a tendered timescale. In this model the Service becomes is sold to an existing company or organization for a fee as a going concern.

The Council would receive a one off fee for the Service. At this stage this is difficult to quantify, but reasonable expectation would be for the surplus value over 5 years which is estimated at £17m.

6.4 Recommended Option

Outsourced Option 3 - LLP

The service becomes a Limited Liability Partnership (LLP) which allows it to trade in the open market, retain its core business with the Council, and is tax efficient (no requirement to pay VAT or Corporation Tax) It can provide surplus to the Council through a variety of mechanisms, including investment in regeneration areas.

The Service will continue to provide £3.45m per annum until 2015 (end of SHQS programme) with a potential drop of income afterwards. From new business, there would be additional surplus for the Council of an estimated £8 m over 5years.

Estimated total surplus of £25m

7. Cost and Benefits Analysis

Benefit Area	Option1 Standstill	Option 2 Trust	Option 3 Sell Off	Option4 LLP
Financial Generating Income	Limited via public sector works	Limited through grants	One off payment for company to Council	Opportunity to trade and provide sustainable funds for Council **(£8m over 5 years = 40% increase)**
Working Capital	Not Applicable	Initial Borrowing of £5m or 3 months working capital from Council	N/A Capital receipt for sale	Initial Borrowing of £5m or 3 months working capital from Council or Banks
Operational Efficiency Effectiveness Quality Innovation	Limited Corporate Council Constraints re trading and staffing	Limited Trust Company constraints re Trading The disposal of surplus will be ringfenced through Trust rules	service delivery outwith control of Council	Improved productivity Greater opportunity to deliver operational needs as LLP
Customer Brand Reputation Customer Service	Status Quo	Improved Brand	Provided by external supplier less control and responsibility for Council	Improved Brand Improved Reputation for Council
Staff/ Members Morale Capabilities Knowledge	Limited Opportunities for Growth/ Knowledge No Incentives Public Sector Morale low	Limited Growth and Incentive opportunities.	Potential redundancies, Increased knowledge via private sector	Greater opportunity for growth and development. Incentives Motivational/ improved morale of staff = improved productivity
Stakeholders Corporate Social responsibility Regulatory	Strength of Standstill option Good regulatory procedures	Strength of Trust Option Regulated by Charities Board	Not Guaranteed	Retention of strength of these virtues. Option to deliver. Regulated via Council Processes

8. Investment Appraisal

Measure	
Payback	1.6
Net Present Value (NPV)	£6,390,000
Internal Rate of Return (IRR)	112%
Anything else calculated e.g. gross / net depth of funding	n/a

9. Recommendations

9.1 Key Recommendations

On delivery of a full business plan, the Service be transferred into an LLP by October 2011.

9.2 Assumptions and Dependencies

The LLP continues to deliver its current contracts on behalf of the Council's HRA indefinitely

The LLP continues to deliver the Council's non housing repairs and maintenance and other contracts indefinitely, and assumes current leasing arrangements

The LLP is contracted to be the development agent to oversee the delivery of affordable housing in Council owned land.

The current staff of the Service are transferred through TUPE to the LLP

The LLP recruit and manage new staff under new terms and conditions

10. Implementation Approach

Governance Structure

Aberdeen City Council (Full)

Directorate (or Holding Company)

The Directorate responsible for monitoring arms length companies

LLP Board Of Directors

3 elected members (non paid), 3 non executive directors (non paid), Operations Directors

Operations Directors (SMT)

Managing Director, Development Director, Operations Director, Financial Controller

Implementation Plan

February 10	Approval of LLP Option and Business Case (including Start Up Costs)
	Approval of delegated powers for Shadow Board
March	Appointment of members to Shadow Board
	Board meets on Monthly Cycle to review progress
April /May	Staff fully consulted on TUPE arrangements
	1st Review of Business Plan
	Remuneration Committee Formed
August	SMT Recruited
	2nd Review of Business Plan
	All staff relocated to Kittybrewster
September	Branding Exercise Concluded
	Legal Transfer of Assets Concluded
	TUPE Arrangements finalised
	Business Plan Approved
October	Board Ratified
	LLP Launched

Estimated Start Up Costs

£700k Legal, IT Systems and Software, HR and Programme Support, Financial Profiling, Branding, Marketing.

Working Capital

£5m   3 months Costs from Council

Transport Marshals

Introduction

At its meeting on 15 December 2010 the Council supported a recommendation in the 5 year business plan that funding for transport marshals should end from 1 April 2011. The Council requested further information on various options within the business plan, including transport marshals, to assist final decisions which will be made at the Council budget setting meeting on 10 February 2011. This document provides additional information on transport marshals.

Background

Aberdeen City Council introduced transport marshals in 2005 as a response to violent crime and antisocial behaviour at taxi ranks. Initially transport marshals were deployed at City Centre taxi ranks on one weekend per month. This was usually the first weekend of the month following the most common pay dates when the City Centre was busiest. From 30 March 2007, transport marshals were deployed each weekend.

Currently 8 transport marshals employed by the Securigroup are deployed at the Union Street taxi ranks from midnight to 4.30am on Saturday and Sunday mornings. Transport marshals give a high visibility presence to provide assistance, information and reassurance to members of the public. Training includes security industry and licensing laws, Physical Intervention, Conflict Management and Customer Service.

They work collaboratively with Grampian Police, Street Pastors and Taxi Drivers to help manage the City Centre night-time economy. Each night the police provide the transport marshals with a briefing. Transport marshals are linked to Grampian Police CCTV monitoring unit and licensed premises through the night-time radio link system enabling speedy sharing of relevant information and subsequent responses to deal with emerging safety problems.

Effectiveness

Since 2007 Grampian Police have recorded 5 crimes at City Centre taxi ranks between midnight and 4am on Saturday and Sunday mornings. No offences have been recorded in 2010. This figure is very low considering levels of crime and disorder in the City Centre at weekends. It is important to note that for a crime to be recorded as occurring at a taxi rank a police officer must apply a 'marker' designating such on the police recording system and it is likely that not all relevant crimes have been recorded as such. Never-the-less, the crime statistics indicate that crime at taxi ranks is very low while the taxi marshals are managing the ranks.

The City Voice's 19th questionnaire in 2010 asked if the additional deployment of transport marshals had improved the night-time taxi experience. The majority of

the 253 respondents did not know if this had improved the experience (163 respondents: 64.4%).   However, 29% (74) of respondents did believe that the additional deployment of transport marshals had improved the night-time taxi experience. 16 respondents (6.3%) did not believe that these changes had improved the night time taxi experience. The same questionnaire found that 70% of respondents believed that the new taxi ranks used at weekends on Union Street and managed by transport marshals had improved safety. Further, public awareness of the transport marshal service was highest compared with the other City Centre safety initiatives delivered by the Council. 80% of respondents were aware of the transport marshal service contrasted with 4% being aware of Best Bar None.

Anecdotal evidence indicates strong support from Grampian Police, Street Pastors and taxi trade representatives for transport marshals. Chief Inspector George Macdonald, Grampian Police confirms that "incidents at taxi ranks are extremely rare; the transport marshals carry out an excellent job and are embedded in the community safety approach within the City Centre". Chief Inspector Macdonald also reported that serious assaults in the City Centre have reduced by more that 30% over the past three years and he believes that transport marshals have made an important contribution to this substantial reduction in serious crime.

Risks

The risks associated with ending the transport marshal service are that there will be more crime and antisocial behaviour particularly at (but not limited to) taxi ranks. Fear of crime would also be increased. The people most exposed to this risk will be those queuing for taxis home in the early hours of Saturday and Sunday mornings and taxi drivers who use these ranks.

Removal of transport marshals and the expected increase in disorder at taxi ranks would place greater burden on police officers to respond to higher levels of incidents. For example: increased assaults. This would divert police officers from the other city centre crime and antisocial behaviour hot spots therefore potentially having a negative impact on these areas too. People and taxi drivers would be less likely to use the ranks which would mean more people using the 'routes out of town' adding to the nuisance and alarm caused to residents on these routes. Taxi drivers have told us that they are more likely to use ranks when the marshals are on duty.

Increased violent crime due to the removal of transport marshals would also likely have negative consequences for various other services including Ambulance and Health. This would also likely have negative consequences for the image of city centre and the night time economy.

Housing support

Local councils have responsibility for identifying what the local housing support needs are, for funding the services to meet those needs (although many services may have a waiting list), and for making sure that the services are effective and provide quality services. Local Councils have contracts including Service Level Agreements with organisations (Voluntary and Private Sector and in-house services) providing the services, and these specify the type of service to be provided.

Housing support services are services that help people to live as independently as possible in the community. They can help with a range of different tasks, e.g. helping claim benefits and manage finances, helping with safety and security in the home, getting help from other specialist care, support and housing services, and linking you to social and leisure activities. Housing Support tasks are defined within the Housing (Scotland) Act 2001. All housing support services require to be registered with the Care Commission and staff should be registered with the Scottish Social Services Council and either possess appropriate qualifications or be working towards these.

The impact of a £100, 000 reduction in funding of housing support would mean the following

The closure of at least one service whose workers support 40 individuals to sustain their tenancies, the support ranges from an hour to 5 hours per week, depending upon that individuals circumstances. The service in many cases maybe the only contact that the person has with the outside world and the loss of this service will mean that a considerable number of these individuals receiving service may abandon their tenancy, default arrears arrangements and lose their tenancy. There will clearly be an impact on the homelessness service and other crisis response services. There will likely be a number of admissions to hospital as a consequence of this closure, due to clients no longer engaging with appointments, treatment, etc.

The reduction will also result in the reduction of funding for one or two services, which will lead to redundancies and similar to the example provided above, the loss of service provision for some people already in receipt of services. The impact as outlined above would be identical.

There will be a further demand on service provision leading to increased waiting lists for services.

The Housing (Scotland) Act 2001 contains a legislative requirement to provide all individuals who have been assessed as requiring a housing support to sustain their tenancy, that support which will be a condition of their tenancy (Short Scottish Secure Tenancy). There has been a significant increase in the number of tenancies created under SSST's and it is expected that this will continue with the new duty linked to homelessness and the Housing (Scotland) Act 2010.

It is the landlord's responsibility to ensure that the appropriate housing support service is in place.

The above services identified are currently providing support linked to SSST's therefore the reduction proposed may lead to Aberdeen City Council being unable to provide the assessed housing support which is a condition of a persons' tenancy.

Aberdeen City Council

Priority Based Budgeting
Option EPI_EBD 2g Reduce Economic
Development to a minimum of 10 posts
Business Case

Contents

Document Control

Document Owner

Owner	

Document Approvals

Name	Signature	Title	Date	Version

Document Distribution

Name	Title	Date	Version

1.   Executive Summary

1.4   Description

1.2   Benefits

1.6   Costs

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	Total
Revenue Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarized than the detail given in the Cost section of the business case						
TOTAL (A)						
Capital Expenditure						
Can add rows to breakdown expenditure, but this is intentionally more summarised than the detail given in the Cost section of the business case						
TOTAL (B)						
TOTAL (A+B)						
Benefits						
One off benefits						
On-going benefits						
TOTAL (C)						
NET BENEFIT (C-(A+B))						

1.4   Investment Appraisal

Measure	Value
Payback (years)	*<Time period>*
Net Present Value (over [x] years)	*<Monetary value>*
Internal Rate of Return (IRR)	*<% value>*
Anything else calculated e.g. gross / net depth of funding	

1.5   Recommendation

1.6   Consequences of not undertaking the project

2. Background

Currently Economic and Business Development is implementing a restructure which was agreed by the Enterprise Planning and Infrastructure Committee in March 2010. This new structure focuses the core business of Economic & Business Development (EBD) into Project, Partnerships and Funding; Business Development and a Direct Marketing Organisation (DMO). Allied to this it also divides the non core EBD functions of Civic Events (primarily for civic good) and Corporate Marketing. The major aim of this was to ensure that Analyse and capture the current state that relates to the challenge that is the subject of the business case. The Scottish Government's vision is that economic development should raise the quality of life of the Scottish people through increasing economic opportunities for all, on a socially and environmentally sustainable basis. In order to achieve this, the Scottish Government has placed a sustainable economy at the heart of its strategies. The Scottish Government's Economic Recovery Plan ensures that all the governments' activity is aligned to position us for recovery: focusing on supporting jobs and our communities, strengthening education and skills and investing in innovation and the industries of the future. The Council's 6 priorities are aim to:-

- Provide for the needs of the most vulnerable people,
- Help to ensure that all schoolchildren reach their potential,
- Manage our waste better and increase recycling,
- Encourage the building of new affordable housing,
- Ensure a sustainable economic future for the city and
- Ensure efficient and effective delivery of services by the council and with its partners

An Economic and Business Development service are non-statutory but is a priority for both the Council and the .Community Planning Partnership. If Aberdeen is to be a viable and sustainable city the Council is able to undertake economic interventions. Such interventions can ensure help to achieve the Scottish and UK Governments required economic outcomes.

2.1 Current Situation and Business Need

Chief Economic Adviser, Dr Andrew Goudie, published an assessment of the medium to long term outlook for public expenditure in Scotland in the light of the 2010 UK Budget Independent forecasts predict only a modest recovery in Scottish GDP, with output expected to remain broadly flat over the second half of 2010 before the recovery gains further momentum in 2011 where GDP is expected to grow by around 2%.

With many of Scotland's key trading partners expected to experience a modest recovery, it will be a challenge to rebalance the Scottish economy away from domestic demand toward investment and exports. Aberdeen is predominantly an energy based economy, however the oil and gas industry is in decline and substitute industries such as tourism, life sciences and food and drink have been indicated as areas of development. While other regions struggle to attract jobs, this region struggles to attract people with the requisite skills.

Further to this, with the economic downturn, VAT increases and peak oil, there is a requirement to assist business in order to build jobs. The Prime Minister has signalled that 2011 is to be the year of job creation and getting business working. This will require a variety of economic

interventions from the Local Authority to enable the next generation to be 'skills ready' and that key economic development projects are implemented and key partnerships are properly supported.

Aberdeen City Council's share of public funds fails to reflect the amount of tax that is generated in the region. The Council's share is forecast to radically reduce over the next 5 years. Failure to sustain and or maintain the Aberdeen Economy will have negative impacts not only for the North East of Scotland but for Scotland and the United Kingdom as a whole.

2.2 Issue or Opportunity

This option aims to reduce the Economic and Business Development Team to a core of 10 posts with a focus on Projects, Partnerships and Funding and Business Development. All additional staff must be self funded by projects or other external initiatives. All other additional services such as Council Marketing and Civic Events are treated separately as part of another option. The major aim is to reduce cost to the council.
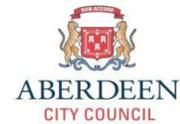
3. Description

3.1 Objectives

The objective is to reduce the Council's current budget for Economic Business Development. In order to implement this project it will take approximately two years to ensure that the necessary structure and funding is in place. It should be noted that at this level of staff current levels of service may be unable to be maintained unless external funding sources are found.

3.2 Scope

Within the two years required to implement this, significant support will be required from the Corporate Governance Directorate in the form of Human Resource advice and expertise from legal services to assist with due diligence for any external projects. There should be no new technology need to undertake this.

3.3 Out of Scope

A Direct Marketing Organisation (DMO) Marketing Services, Civic Events and Twinning will be outwith this scope..

3.4 Timeline

????

3.8 Outcomes

??? "SMART" i.e., Specific, Measurable, Achievable, Realistic, and Time specific.

3.6 Stakeholders

ACSEF, AECC, AREG, Chamber of Commerce, Scottish Enterprise, Scottish Local Authority Economic Development Group, Federation of Small Business, One Aberdeen, Aberdeen Airport, Aberdeen Harbours Board, Aberdeenshire Council, Community Planning Partnership, North East Hub, Skills Development, Developers, Real Estate Agents, Hoteliers, Retailers, Builders, Property Owners, Aberdeen Airport Consultative Group, North east Climate Change Partnership, Housing and Environment Directorate, University of Aberdeen, Robert Gordon University, Aberdeen College, Macaullay Institute and Scottish Agricultural College

As part of the 5 year business plan, focus on this option as part of ongoing workshops and focus groups on a quarterly basis.

4. Business Need and Strategic Fit

4.1 Business Need and Strategic Fit

- This option, if taken forward will provide a budgetary saving.

- This option does not meet any of the 5 year business plans priorities or any of the Council's strategic priorities. This option will reduce revenue expenditure of £1.4million of revenue expenditure.

- Failure to achieve this saving would mean a requirement to reduce or remove 3rd party payments totalling £1.4million by year 5.

- This option does not align well to the six priorities. In particular
  - Provide for the needs of the most vulnerable people, unable to attract business so nolonger have a viable tax to pay for services.

  - Encourage the building of new affordable housing, as unable to attract builders to operate from the city or city region, thus increasing the cost of construction.
  - Ensure a sustainable economic future for the city – unable to provide the level of economic intervention required to keep the city sustainable.

5. Risks and Constraints

5.1 **Risks and Constraints**

ID	Description	Status	Directorate	Date Identified	Impact (High, Medium, Low)	Probability (High, Medium, Low)	Owner	Mitigation
1	Loose capacity to generate income							
2	Unable to attract skilled people due							
3	Process is unable to be undertaken within the required timeframe							
4	Savings are not able to be made							
5	Unable to deliver on the required economic interventions							
6	Partners and Partnerships are unable to deliver at current level							

6. Options

6.1 **Option 1 – One Economic Development Agency for Aberdeen City and Shire**
This option is unable to be taken forward at the moment as both the city and shire have different priorities and are both undertaking structural change.

6.2 **Option 2 – Xx**

6.3 **Option 3 – Xx**

6.4 **Recommended Option**
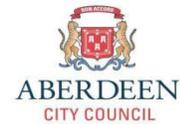
7. Cost and Benefits Analysis

7.1   **Cost and Benefits Analysis**

7.2   **Expected Costs**

7.3   **Expected benefits**

8. Investment Appraisal

9. Recommendations

9.1   **Key Recommendations**

9.2   **Assumptions and Dependencies**

10. Implementation Approach

11. Appendices

Aberdeen City Council

Priority Based Budgeting
Business Case – Reduce Management Teams

Contents

Document Control

Document Owner

Owner	Stewart Carruth, Director for Corporate Governance

Document Approvals

Name	Signature	Title	Date	Version
Stewart Carruth		Director for CG		

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

Reduce the number of Directors and Heads of Service within Aberdeen City Council. It may also be appropriate to investigate sharing for example the Director of Finance across local authorities.

1.2 Benefits

Reduced management staff costs.

1.3 Costs

It is currently profiled in the service option that from year 3 to 5 of the Business Plan a reduction of £2,150k could be achieved in total.

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Redundancy costs			£1,075			£1,075
TOTAL (A)			£1,075			£1,075
Capital Expenditure						
			0	0	0	0
TOTAL (B)			0	0	0	0
TOTAL (A+B)			0	0	0	0
Benefits						
One off benefits						
On-going benefits			£1,075	£1,075	£1,075	£3,225
TOTAL (C)			£1,075	£1,075	£1,075	£3,225
NET BENEFIT (C-(A+B))			£0	£1,075	£1,075	£2,150

1.4   Investment Appraisal

Not applicable

1.5   Recommendation

To agree the option to reduce management teams. This is with the caveat that the new Chief Executive may review the management structure to amend this option.

1.6   Consequences of not undertaking the project

Aberdeen City Council cannot deliver the Business Plan which will impact upon the services provided.

2.   Background

Aberdeen City Council requires to reduce revenue expenditure. Many options are being considered including the review of staffing structures.

3.   Description

3.1   Objectives

Reduce the number of Directors and Heads of Service within Aberdeen City Council. It may also be appropriate to investigate sharing for example the Director of Finance across local authorities.

3.2   Scope

This option would impact upon all Directorates.

3.3   Out of Scope

3.4   Timeline

The option is currently proposed for implementation in year 3 of the 5 year business plan – 2013-14.

The new Chief Executive as from March 2011 may consider a revised management structure; therefore this timeline may be amended.

3.5   Outcomes

Allowing for redundancy costs in the first year of implementation which would reduce savings in that year, it is expected that Aberdeen City Council could save circa £1m per year by reducing the number of Directors.

3.6   Stakeholders

Corporate Management Team

4. Business Need and Strategic Fit

Aberdeen City Council due to reduced funding is required to review areas in which savings can be achieved, whilst continuing to deliver quality Services.

5. Risks and Constraints

The main risk is a loss of knowledge and expertise depending upon the "make-up" of the revised Corporate Management Team.

6. Options

1. To continue with the Corporate Management Team as it presently exists.

2. To consider a restructure to include the extended management team.

3. To explore shared Corporate Management Teams with other local authorities.

7. Cost and Benefits Analysis

See the Executive summary which shows the timeline of savings currently proposed. The alternative options have not been costed as yet. The Chief Executive may wish to revise the management structure – further options will be costed as identified.

8. Investment Appraisal

Not applicable

9. Recommendations

9.1   Key Recommendations

To agree the option to reduce management teams.

9.2   Assumptions and Dependencies

This option is recommended witch the caveat that the new Chief Executive may review the management structure to amend this option. It is also currently assumed that no saving in the year of implementation will be achieved due to redundancy costs.

10. Implementation Approach

It is recommended that this option be addressed by the Chief Executive and the Corporate Management team within the next 18 months with a view to implementing from 1 April 2103.

Aberdeen City Council

Priority Based Budgeting
Business Case - Reduce Funding to Grampian Police
(ACC_SO1)

Contents

Document Control

Document Owner

Owner	Barry Jenkins, Head of Finance

Document Approvals

Name	Signature	Title	Date	Version
Barry Jenkins		Head of Finance		

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

Grampian Police request funding from Aberdeen City Council – this option is to reduce the level of funding given to Grampian Police in line with anticipated funding settlement for Aberdeen City Council.

1.2 Benefits

The primary benefit will be in relation to the level of funding that Aberdeen City Council will receive and the Council's ability to deliver a balanced business plan over the next 5 years.

1.3 Costs

The Service Option was calculated using a baseline of £22m – on which the savings are calculated from 2012-13 onwards. Since the proposal Grampian Police have submitted their requisition of £21,883 and the year one saving adjusted accordingly.

£	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
	0	0	0	0	0	
TOTAL (A)	0	0	0	0	0	
Capital Expenditure						
	0	0	0	0	0	0
TOTAL (B)	0	0	0	0	0	0
TOTAL (A+B)	0	0	0	0	0	0
Benefits						
One off benefits						
On-going benefits	£394k	£1,224k	£1,632k	£1,819k	£3,555k	£3,555k
TOTAL (C)	£394k	£1,224k	£1,632k	£1,819k	£3,555k	£3,555k
NET BENEFIT (C-(A+B))	£394k	£1,224k	£1,632k	£1,819k	£3,555k	£3,555k

1.4 Investment Appraisal

Not applicable.

1.5 Recommendation

To reduce the funding to Grampian Police in line with the anticipated funding settlement for Aberdeen City Council.

1.6 Consequences of not undertaking the project

Increased risk of not implementing the 5 year Business Plan.   .

2.   Background

2.1   Current Situation and Business Need

As part of the review of spending by Aberdeen City Council different methods of savings were explored, one of which is this option to reduce funding to Grampian Police.

2.2   Issue or Opportunity

The reduced settlement from Aberdeen City Council has resulted in a wide range of options being considered and it is considered appropriate to reduce funding to Grampian Police. The requisition from Grampian Police is less than estimated for 2011/12. Given all public bodies are having reduced settlements it is appropriate that Grampian Police review spending also.

3.   Description

3.1   Objectives

To deliver a balanced business plan over the next 5 years.

3.2   Scope

To reduce funding by incremental adjustment over the business plan time line of 5 years

3.3   Out of Scope

Not applicable.

3.4   Timeline

The reduced funding will be effective from year 1 of the Business Plan – 2011-12.

3.5   Outcomes

Increased revenues available for Aberdeen City Council to deliver the balanced business plan.

3.6   Stakeholders

Grampian Police – with reduced funding this may impact upon the provision of their service delivery across the Grampian area.

4. Business Need and Strategic Fit

4.1   Business Need and Strategic Fit

Aberdeen City Council requires to deliver a balance business plan over the next 5 years. The primary benefit will be in relation to the level of funding that Aberdeen City Council will receive and the Council's ability to deliver a balanced business plan over the next 5 years.

5. Risks and Constraints

The primary risk from reduced funding will fall with Grampian Police. There will be operational issues for them to continue to provide the current level of services that it currently delivers. The reduced level of funding from the Scottish Government to Aberdeen City Council requires consideration of expenditure across all areas and it is considered appropriated to reduce funding to other public bodies.

6. Options

The alternative option to approving this proposal is "Status quo"; – to provide funding to the level of the requisition form Grampian Police.

7. Cost and Benefits Analysis

There are no additional costs for the implementation of this proposal.

Aberdeen City Council expenditure will be reduced by £394k in 2012-13; and increasing to £3,555 in year 5 of the business plan on the estimated Grampian Police requisition of £22m.

This saving will support Aberdeen City Council's ability to deliver a balanced business plan over the next 5 years.

8. Investment Appraisal

Not applicable

9. Recommendations

9.1   Key Recommendations

To reduce the funding to Grampian Police.

9.2   Assumptions and Dependencies

The assumption is that Aberdeen City Council is able to reduce the funding.

10. Implementation Approach

It is recommended that the requisition for funding received from Grampian Police for the year 2011-12 of £21.8m is reduced by £394k. This would support the business plan implementation.

Aberdeen City Council

Priority Based Budgeting
Business Case - Miscellaneous Grants

Document Control

Document Owner

Owner	Stewart Carruth, Director for Corporate Governance

Document Approvals

Name	Signature	Title	Date	Version
Stewart Carruth		Director for CG		

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

Service Option ACC_SO6 relates to a reduction in Miscellaneous Grant funding.

1.2 Benefits

Dependant upon the level of funding available and the source of the funding, reductions will reflect the anticipated level of funding that Aberdeen City Council will receive for the business plan period.

1.3 Costs

The Service Option was based upon funding of £3.6m per annum. Savings of 8%, 4%, 3% and then 1% there after were anticipated.

2. Background

Grants have been paid of differing amounts to many groups – large and small – for many years. Grants are administered throughout the Services. A further analysis is underway to identify who grants are paid to. There is a risk that reducing or stopping grants to small groups will have the potential for these groups to dissolve where heavily reliant on Aberdeen City Council funding.

Alongside this is a piece of work which will initially focus on what is in "grants" budget, establish if there are other grants streams which are missing, establish the flexibility which exists around them and, ultimately, to see how we can move to a single approach to grant distribution, matching the resources to our priorities.

3. Recommendation

It is recommended that funding to miscellaneous grants be reduced and consolidated.

Aberdeen City Council

Priority Based Budgeting
Business Case – ACC _SO23 Remove discretionary enhancements to Pensioners.

Contents

Document Control

Document Owner

Owner	Stewart Carruth, Director of Corporate Governance

Document Approvals

Name	Signature	Title	Date	Version
Stewart Carruth		Director of Corporate Governance		

Document Distribution

Name	Title	Date	Version

1. Executive Summary

1.1 Description

To explore the removal of discretionary enhancement payments to existing pensioners.

The Discretion is covered under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 and not the Local Government Pension Scheme Administration (Scotland) Regulations 2008.

1.2 Benefits

The funding can be redirected to Aberdeen City Council service provision.

1.3 Costs

The current charge from the Pension Fund for discretionary enhanced payments to existing pensioners is £3m per annum. The current proposal is for the payments to cease from year 2 in the Business Plan (2012 -13). At present there has been no estimation of legal costs – internal or external - for legal work. Such legal costs would relate initially to the internal team determining that this option is permissible under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998. In doing so external legal advice may be required and where legal challenge from pensioners' costs will be incurred by Aberdeen City Council.

£	FY01/12	FY12/13	FY13/14	FY14/15	FY15/16	TOTAL
Revenue Expenditure						
Internal Legal fees not quantified	0	0	0	0	0	0
TOTAL (A)	0	0	0	0	0	0
Capital Expenditure						
	0	0	0	0	0	0
TOTAL (B)	0	0	0	0	0	0
TOTAL (A+B)	0	0	0	0	0	0
Benefits						
One off benefits	0	0	0	0	0	
On-going benefits	0	£3,000	£3,000	£3,000	£3,000	£12,000
TOTAL (C)	0	£3,000	£3,000	£3,000	£3,000	£12,000
NET BENEFIT (C-(A+B))	0	£3,000	£3,000	£3,000	£3,000	£12,000

1.4 Investment Appraisal

Measure	Value
Payback (years)	*5 years*
Net Present Value (over [5] years)	*£12m*

1.5   Recommendation

It is recommended that Elected Members approve the initial investigation by Legal Services as to the implications if Aberdeen City Council does not pay the discretionary enhancement payments for existing Pensioners to the Pension Fund,

1.6   Consequences of not undertaking the project

Status quo; Aberdeen City Council continue to pay discretionary enhancement payments to existing pensioners (£3m per annum). These funds can not be diverted to providing Council Services for the Citizens of Aberdeen.

2.   Background

2.1   Current Situation and Business Need

Discretionary enhancement payments have been paid to staff leaving the employment of Aberdeen City Council as part of early retirement packages to make them a more attractive option.   The annual cost is circa £3m. Aberdeen City Council in the review of expenditure wishes to explore different avenues of reducing spend and considers it worthwhile to explore the possibility of a saving in this area.

2.2   Issue or Opportunity

The consideration to remove the discretionary enhancement payments to existing Pensioners is with a view to releasing the cash for use in the provision of Services delivered by Aberdeen City Council.

3.   Description

3.1   Objectives

To no longer pay the discretionary enhancement payments to existing Pensioners.

3.2   Scope

To cease the payment of discretionary payments awarded to existing pensioners from year 2 (2012/13) of the Business Plan.

3.3   Out of Scope

Not applicable

3.4   Timeline

The saving is currently anticipated from year 2 of the Business Plan (2012-13). A total of £12m over the 5 year period of the Business Plan.

3.5   Outcomes

The required outcome is that Aberdeen City Council as the "employer" of the existing pensioners can cease to pay £3m to the pension fund for the discretionary enhancement payments to existing pensioners.

3.6   Stakeholders

Pensioners –. To stop the discretionary enhancement payment will reduce the income of existing pensioners as provided for within Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998. The enhanced payment is paid in addition to pension benefits provided from the Local Government Pension Scheme; as governed by the Local Government Pension Scheme Administration (Scotland) Regulations 2008.

Aberdeen City Council – it is highly likely that such a decision will impact adversely on the reputation of Aberdeen City Council; initially for ceasing the payments and the potential for legal challenge from pensioner(s) affected and ongoing legal issues.

Citizens of Aberdeen – continuing or improved services due to the funds being diverted from the pension fund.

4.   Business Need and Strategic Fit

4.1   Business Need and Strategic Fit

To increase revenue funds available for Aberdeen City Council service provision.

The level of funding available to Aberdeen City Council has resulted in a new approach to budgeting and the production of a 5 year Business Plan. Within this Business Plan a range of options have been considered to increase funding / make savings against expenditure. To this end the option of ceasing payments of the discretionary enhancement payments to pensioners has been proposed to Elected Members as an option for consideration and approval.

It is noted that Aberdeen City Council has already decided not to award any discretionary payments from 1 April 2011.

5.   Risks and Constraints

 Key risk is one of legal challenge from existing pensioners.

Legal advice is to be sought firstly internally and then if need by from a professional firm who are expert

5.1   Risks and Constraints

6.   Options

Status quo – to continue with the discretionary enhancement payments to existing pensioners.

Or to continue with the option to cease the discretionary enhancement payments to existing pensioners from 1 April 2012.

7. Cost and Benefits Analysis

7.1   Cost and Benefits Analysis

The Head of Legal and Democratic Services has been asked to comment on this proposal and an estimate of legal costs both in-house and external is not yet determined as regards the implementation of this proposal. At this stage no estimate is made of the potential legal costs should an Aberdeen City Council member of the pension fund challenge if the option is implemented.

The benefit is the diversion of £3m from the pension fund to use in the provision of other services / implementation of other service options within the Business Plan.

The timescale for the implementation would be 1 April 2012; with savings of £3m in financial year 2012-13.

8. Investment Appraisal

There is no capital investment required.

The current level of expenditure is estimated to continue at circa £3m per annum.

9. Recommendations

9.1   Key Recommendations

To cease the payment of discretionary enhancement payments to existing pensioners.

9.2   Assumptions and Dependencies

For this business case to be implemented it is assumed that Aberdeen City Council as the employer can legally cease the payments of discretionary enhancement payments to existing pensioners. The Elected Members decision is highly dependent upon the advice of the Head of Legal and Democratic Services as to the competency of such a decision on the basis that to stop such discretionary payments is not a breach of contract within the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998.

10. Implementation Approach

To implement from year 2 of the business plan on the assumption that it is legal for us to proceed.