

CITY GROWTH AND RESOURCES COMMITTEE MEETING OF 3 AUGUST 2022

MINUTE EXTRACT

COUNCIL FINANCIAL PERFORMANCE – QUARTER 1, 2022/23 – RES/22/152

The Committee had before it a report by the Director of Resources which provided details of the financial position of the Council as at Quarter 1 (30 June 2022) and the full year forecast position for the financial year 2022/23, including:-

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

The report also provided information on the outcome of the reprofiling of the Capital Programmes, as instructed by the Committee at its meeting on 21 June 2022.

The report recommended:-

that the Committee –

- (a) note the positive cash position that has been achieved for the General Fund and HRA to the end of Quarter 1 as detailed in Appendix 1;
- (b) note the Common Good financial performance to the end of Quarter 1 as detailed in Appendix 3, specifically the £2m reduction in cash balances due to investment volatility;
- (c) note that the General Fund full year forecast position, as detailed in Appendix 2, is expected to show a balanced position overall for 2022/23, based on the assumption that the Scottish Government will fund any increase to the current pay offer made by Cosla and through the other mitigations contained within the report, including the use of one-off funding streams;
- (d) note the initial information provided in the report about the fire at Altens East Waste and Recycling Centre and instruct the Chief Officer – Operations and Protective Services to report back to the next meeting of the Committee with details of the contractual, financial, and operational implications, including assurance about how the council has mitigated financial exposure;
- (e) note that the HRA full year forecast position, as detailed in Appendix 2, is on target to achieve the approved budget, making a contribution to HRA reserves for 2022/23;
- (f) note that the Council relies on the Integration Joint Board (IJB) achieving a balanced budget, and that it retains reserves in the event of unplanned additional costs arising during the year;
- (g) note that the forecast for General Fund capital expenditure is that there will be lower spend than had been budgeted in 2022/23, and for Housing, capital expenditure will be in line with 11% slippage on the programme, as described in Appendix 2;
- (h) note that officers have completed the work required to reprofile the capital programmes, following instruction by the Committee on 21 June 2022 (Appendix 5), and that this has led to the following recommendations:-

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- (h1) note that almost all capital projects can be paused, delayed or ultimately cancelled though there would be implications related to such decisions;
- (h2) note that for reprofiling purposes there are projects/programmes within the approved Capital Programmes which have been excluded;
- (h3) note the legal status of the contracts involved in delivery of the projects as this to an extent dictates the level of flexibility that the Council has in terms of reprofiling, pausing or cancelling projects;
- (h4) note the General Fund Capital funded projects/programmes recommended for reprofiling are shown in Appendix 5 – Table 1, which shows the current budget profile;
- (h5) instruct the Chief Officer – Finance to remove the Early Learning & Childcare - St Josephs and Garthdee Link Road projects from the General Fund Capital Programme;
- (h6) approve the reprofiled General Fund Capital funded projects/programmes as shown in Appendix 5 – Table 2. Noting the use of the existing contingency in the programme;
- (h7) in light of the best value consideration referred to in the report, instruct the Chief Officer – Capital to retender the 3-stream Tillydrone Primary School project, and report back to the next appropriate City Growth and Resources Committee;
- (h8) in light of the best value consideration referred to in the report, instruct Chief Officer – Capital to pause the four Housing Capital Council-led new build projects as recommended in Appendix 5, to evaluate the actions to be taken, assess best value and where appropriate retender work packages. The outcome of this exercise will be reported to the next appropriate meeting of City Growth and Resource Committee; and
- (h9) approve the inclusion of additional budgets to the Housing Capital Programme for improvements to void properties, in support of displaced Ukrainians, subject to funding being confirmed by the Scottish Government.

The Convener, seconded by Councillor Bouse moved:-
that the Committee –

- (1) approve the recommendations contained within the report with the exception of recommendation (h9);
- (2) agree to instruct the Chief Officer – Corporate Landlord to enter in discussions with the Scottish Government to acquire the land at Wellington Road (per the attached plan) and to report back the outcome of those discussions at the next City Growth and Resources Committee;
- (3) agree to instruct the Director of Resources to bring back an Outline Business Case for Queen Street to a future City Growth and Resources Committee meeting, which includes design proposals for an Urban Park which includes an option that incorporates the demolition of the former Police Scotland building; and
- (4) agree that Aberdeen City has gone above and beyond and should be proud to have welcomed more than 1,000 Ukrainian citizens to the city since the outbreak of the War in Ukraine. Approve the inclusion of additional budgets to the Housing Capital Programme for improvements to void properties, in support of displaced Ukrainians, subject to funding being confirmed by the Scottish Government. In light of the longer term

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proposals to accommodate these citizens, instruct the Chief Officer – Early Empowerment & Community Empowerment to prepare a report on the wider supply of critical services and opportunity for Ukrainian citizens to ensure that sufficient supply is available and Ukrainian citizens have access to good quality living and access to opportunity.

Councillor Kuszniir, seconded by Councillor Farquhar moved as an amendment:-
that the Committee –

- (1) note with concern the reprofiling of the Capital Programme, which, does not bode well for Aberdeen City moving forward and casts huge doubt into the current Administration's commitment to the City Centre and Beach Masterplan projects;
- (2) note the positive cash position that has been achieved for the General Fund and HRA to the end of Quarter 1 as detailed in Appendix 1, noting the healthy position of our Usable Reserves at £108.2 Million and Net Asset Value of £1.4 billion, notes income from Council Tax is forecast to be £1m above budget;
- (3) note with disappointment that our Operations budget net expenditure for the year is above budget mainly because of the Council not yet receiving the specific Early Learning Childcare expansion grant from the Scottish Government, understands from officers that payment is to be made on 10 August 2022, agrees that the Chief Officer – Finance provides an update to the Committee on 10 August 2022 as to whether payment has been made or not given previous delays of payment from the Scottish Government;
- (4) note the definition of Contingency as laid out by Council Officers in the 2022/23 budget, notes that officer recommendations for Contingencies within that budget was £60m Therefore, Committee has grave concerns as to why Capital Contingencies is now only £8.368M when the SNP and Liberal Democrat's budget in March 2022 recommended Contingencies of £60m;
- (5) agree to continue with the Early Learning Campus; Childcare - St Joseph's project from the General Fund Capital Programme as agreed by Council on 10 March 2022;
- (6) note the previous administration budget agreed to spend £100 million for the building of 4 Schools, in Tillydrone, Torry, Countesswells and Milltimber;
- (7) note that despite the failure of the Administration to bring forward a School Estate plan to the last Education Operational Delivery Committee, the report highlights that the current school roll forecasts are suggesting that the current primary education provision in Tillydrone is sufficient;
- (8) agree that Tillydrone was promised a new state of the art school by Council administrations from 2007 onwards and that it would be a retrograde step for this administration to go back on that promise;
- (9) agree the previous Administration made a commitment to secure the building of 2,000 Council homes and invested £250 million for that purpose. Notes at the Council budget in March 2022 it was reported "*The Council has entered Construction Services Agreements with contractors for Kincorth delivering 212 units, Craighill delivering 99 units, and Tillydrone delivering 70 units, work has commenced on all sites with site*

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set up and enabling works being undertaken.” Agrees therefore that social housing is required in Aberdeen and that regeneration areas like Kincorth and Torry deserve Council houses being built in their communities and as such instructs the Chief Officer Capital to bring a report to the next City Growth and Resources Committee detailing a timeline of substantive decisions and actions to provide assurance around concerns raised by the Convener of City Growth and Resources in terms of contract awards regarding these 4 sites and how he intends to fulfil the Council’s previously agreed commitment to build Council homes on the 4 Council led sites;

- (10) agree that other Councils in Scotland are facing similar challenges from world events as outlined in the report, yet none appear to be reprofiling their budgets like Aberdeen City Council; and
- (11) agree the inclusion of additional budgets to the Housing Capital Programme for improvements to void properties, in support of displaced Ukrainians, subject to funding being confirmed by the Scottish Government.

Councillor Grant, seconded by Councillor Macdonald moved a further amendment:-
that the Committee –

- (1) with the exception of recommendation (g), agrees recommendations (a) to (h4) and thanks council officers from across the council for managing the council’s finances up to Q1 and commends them for doing so while working within the context of numerous unprecedented volatile factors;
- (2) note that the forecast for General Fund capital expenditure is that there will be lower spend than had been budgeted in 2022/23, and for Housing, capital expenditure will be in line with 11% slippage on the programme, as described in Appendix 2 and instruct the Chief Officer – Early Intervention & Community Empowerment to report on the introduction of a cyclical maintenance plan to ensure that the council is maximising the use of its housing capital budget and report back to the next appropriate committee;
- (3) note that the approved 2022/23 budget set in March 2022 made a cost neutral provision for the Garthdee Link Road proposals to be brought forward and reported back with an outline business case which was to be reported back by the Chief Officer – Capital. Agrees to retain this project and this instruction within the General Fund Capital Programme;
- (4) note that the approved 2022/23 budget set in March 2022 made provision of £500,000 in 2022/23 for Early Learning and Childcare provision at St Josephs RC school and a further £2.5 million to be provided in 2023/24 and 2024/25 and for a business case to be produced on this project. Agrees to retain this project within the General Fund Capital Programme and this to be funded from the Capital Programme contingency budget;
- (5) note that by agreeing to officer recommendations to retender the 3 stream Tillydrone Primary School project will delay progressing with work to complete the project and delay the opening of the new school until at least August 2024. Note that such a delay will subsequently delay the improvement works at Riverbank Primary to make possible the relocation of St Peters RC school which is currently Category C “Poor” in its current location;
- (6) having given due regard to the requirements for the Council to obtain best value as highlighted within the report, note that a full retender does not

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guarantee that costs will come back lower than the quote provided through the procurement framework mechanism. Notes the unknown risk, due to factors highlighted within the report, that quotes may be returned higher than the quote provided through the procurement framework mechanism and agrees therefore to proceed with the project at the reprofiled cost of £36.187million and progresses work in accordance with the original timescales;

- (7) note that while in administration in 2017-2022, the previous administration had completed or had under construction a total of 3,613 council or affordable homes and calls upon the council and all political groups to reaffirm the council's commitment to complete both all remaining developer led and council led housing developments to ensure the council can provide the best places to live for the people of Aberdeen;
- (8) in light of the best value consideration referred to in the report, instruct Chief Officer – Capital to pause the four Housing Capital Council-led new build projects as recommended in Appendix 5, to evaluate the actions to be taken, assess best value and where appropriate retender work packages. The outcome of this exercise will, as far as possible, be reported to the September 2022 meeting of City Growth and Resources Committee;
- (9) agree that Aberdeen City has gone above and beyond and should be proud to have welcomed more than 1,000 Ukrainian citizens to the city since the outbreak of the War in Ukraine. Approve the inclusion of additional budgets to the Housing Capital Programme for improvements to void properties, in support of displaced Ukrainians, subject to funding being confirmed by the Scottish Government. In light of the longer term proposals to accommodate these citizens, instruct the Chief Officer – Early Empowerment & Community Empowerment to prepare a report on the wider supply of critical services and opportunity for Ukrainian citizens to ensure that sufficient supply is available and Ukrainian citizens have access to good quality living and access to opportunity;
- (10) note that the Council submitted cost estimates (for P6/7 expansion) to the Scottish Government in October 2021 and that no response has yet been provided despite nearly 10 months passing. Agrees that in that time, it is reasonable to assume that the £11million requested in order to deliver the Scottish Government pledge may not now be sufficient to expand the school catering and dining facilities and equipment and therefore agrees to instruct the Chief Officer – Capital, to re-appraise these costs and instruct the Chief Officer Finance to submit this re-appraisal to the Scottish Government and seek clarity on when funding might be provided to deliver these improvements;
- (11) note with concern the reprofiling of the Capital Programme, which, does not bode well for Aberdeen City moving forward and casts huge doubt into the current Administration's commitment to the City Centre and Beach Masterplan projects;
- (12) note the positive cash position that has been achieved for the General Fund and HRA to the end of Quarter 1 as detailed in Appendix 1, noting the healthy position of our Usable Reserves at £108.2 Million and Net Asset Value of £1.4 billion, notes income from Council Tax is forecast to be £1m above budget;

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- (13) note with disappointment that our Operations budget net expenditure for the year is above budget mainly because of the Council not yet receiving the specific Early Learning Childcare expansion grant from the Scottish Government, understands from officers that payment is to be made on 10 August 2022, agrees that the Chief Officer – Finance provides an update to the Committee on 10 August 2022 as to whether payment has been made or not given previous delays of payment from the Scottish Government;
- (14) note the definition of Contingency as laid out by Council Officers in the 2022/23 budget, notes that officer recommendations for Contingencies within that budget was £60m Therefore, Committee has grave concerns as to why Capital Contingencies is now only £8.368M when the SNP and Liberal Democrat's budget in March 2022 recommended Contingencies of £60m;
- (15) note the previous administration budget agreed to spend £100 million for the building of 4 Schools, in Tillydrone, Torry, Countesswells and Milltimber; and
- (16) note that despite the failure of the Administration to bring forward a School Estate plan to the last Education Operational Delivery Committee, the report highlights that the current school roll forecasts are suggesting that the current primary education provision in Tillydrone is sufficient

There being a motion and two amendments, the Committee first divided between the two amendments.

On a division, there voted:- for the amendment by Councillor Kuszniir (2) - Councillors Farquhar and Kuszniir; for the amendment by Councillor Grant (3) - Councillors Blake, Grant and Macdonald; declined to vote (8) - the Convener, the Vice Convener and Councillors Al-Samarai, Bouse, Cooke, Fairfull, Hutchison and Radley.

The Committee then divided between the motion and the amendment by Councillor Grant.

On a division, there voted:- for the motion (8) – the Convener, the Vice Convener and Councillors Al-Samarai, Bouse, Cooke, Fairfull, Hutchison and Radley; for the amendment by Councillor Grant (5) – Councillors Blake, Farquhar, Grant, Kuszniir and Macdonald.

The Committee resolved:-

- (i) to adopt the motion;
- (ii) to instruct the Chief Officer – Early Intervention and Community Empowerment to circulate to members of the Committee further details in relation to free school meals;
- (iii) to instruct the Chief Officer – Corporate Landlord to provide further details to the Committee in relation to the timescales and next steps for the Clinterty site; and
- (iv) to instruct the Chief Officer – Corporate Landlord to provide further details in relation to the Council Led Sites.

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In terms of Standing Order 34.1, Councillors Blake, Farquhar, Grant, Kuszniir and Macdonald requested that the matter be referred to Full Council for decision.

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