

ABERDEEN CITY COUNCIL

Town House,
ABERDEEN, 16th June, 2008

MINUTE OF SPECIAL MEETING OF ABERDEEN CITY COUNCIL

S e d e r u n t :

Lord Provost Peter Stephen, Chairperson;
Depute Provost John West; and

COUNCILLORS

GEORGE ADAM
MARIE BOULTON
SCOTT CASSIE
RONALD CLARK
NORMAN COLLIE
NEIL COONEY
JOHN CORALL
IRENE CORMACK
WILLIAM CORMIE
BARNEY CROCKETT
KATHARINE DEAN
ALAN DONNELLY
JACQUELINE DUNBAR
JAMES FARQUHARSON
NEIL FLETCHER
GORDON GRAHAM
MARTIN GREIG
JAMES HUNTER
LEONARD IRONSIDE

MURIEL JAFFREY
JAMES KIDDIE
JENNIFER LAING
GORDON LESLIE
CALLUM McCaIG
MARK McDONALD
AILEEN MALONE
ALAN MILNE
JAMES NOBLE
GEORGE PENNY
RICHARD ROBERTSON
JENNIFER STEWART
KEVIN STEWART
WENDY STUART
KIRSTY WEST
JILLIAN WISELY
and
WILLIAM YOUNG

Lord Provost Peter Stephen, in the Chair

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CALLING OF SPECIAL MEETING

1. In terms of Standing Order 4(2) the following twelve members of the Council had called for a Special Meeting of the Council to meet this day to consider “the report and recommendations received by this Council in respect of the Accounts Commission’s findings” - Councillors Adam, Allan, Boulton, Collie, Cooney, Crockett, Donnelly, Graham, Hunter, Ironside, Laing and Young.

ACCOUNTS COMMISSION FOR SCOTLAND’S FINDINGS AND RECOMMENDATIONS ON ABERDEEN CITY COUNCIL: REPORTS BY THE CONTROLLER OF AUDIT ON THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING AND ON THE PROPERTY SALES INVESTIGATION

2. With reference to Article 31 of the minute of its meeting of 9th April 2008, the Council had before it a report by the Chief Executive which presented the Controller of Audit’s final report on Best Value and Community Planning at Aberdeen City Council which incorporated the Accounts Commission’s findings and recommendations on both the audit and the property sales investigation report following the hearing on 13th and 14th May 2008.

The Accounts Commission findings were outlined as follows:-

1. The Challenges facing the Council are collectively extremely serious. While the Council accepted the accuracy of both reports by the Controller of Audit, we found that there was a lack of a full appreciation of the seriousness of its current circumstances.
2. The decision by the Chief Executive to retire affords the Council an immediate opportunity for new leadership at management level. In parallel with the early recruitment of a new and experienced Chief Executive we consider that the Council now needs to demonstrate a strong and clear commitment to leading the implementation of the necessary changes. To date, in some specific areas such as the control of budgets, leadership has not been as effective as it should have been. The scale of the challenge facing the Council warrants the agreement of an improvement plan which has all party support.
3. We do not believe that the Council currently has the capacity to carry forward the changes that are needed whilst managing its financial position and budget. In addition to the recruitment of a new Chief Executive we make recommendations that the Council secure appropriate external assistance, including from an expert in local government finance.
4. We are concerned that the Council believes that the organisational structure is fit for purpose while the findings of Her Majesty’s Inspector of Education and the Social Work Inspection Agency indicate that the Council’s two largest services lack leadership and direction. We believe that there is a case for the organisational structure to be simplified and for effective leadership, which commands the respect and support of employees, to be put in place for the Council’s major services.

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5. We have concerns about the governance arrangements within the Council, particularly the need for more effective member scrutiny.
6. There appears to be a fundamental morale problem among many of the employees of the Council. The Council frequently refers to a “culture of non-compliance” as a reason for its difficulties. We do not accept that explanation. It seems to us that there has been a failure to engage with employees in the changes which have taken place or which have been attempted.
7. With regard to the report by the Controller of Audit on the property sales investigation, the Council accepted the many and significant shortcomings in procedures detailed in that report. Other proceedings are taking place in relation to the property transactions and, therefore, we focused in the hearing on the procedures that the Council has now put in place and on procedures for the future. These procedures are those that we would expect any Council to have had in place. We make a recommendation regarding the monitoring of significant property transactions.
8. We endorse the view of the Council’s external auditor that the Council is in a precarious financial position. Over the past three years the Council expenditure has been significantly in excess of its budget, giving rise to concern over diminishing reserves and leading to the need for a substantial package of savings in the current financial year. Given the previous record of failure to meet savings targets, we cannot have confidence that these savings will be delivered and we accordingly make recommendations regarding the close and frequent monitoring of the position.

The Accounts Commission recommended to the Council that it take immediate action in respect of the following:-

1. Action should begin immediately to recruit a new and experienced Chief Executive. The interview panel should include representation from all political groups on the Council and should have external advisers.
2. The Council should secure appropriate assistance from peers, to assist it in implementing these findings and taking forward the conclusions of the Controller of Audit’s reports.
3. We would encourage the Council to establish an all party leadership board for the specific purpose of taking ownership of its improvement plan.
4. Immediately following the appointment of a new Chief Executive a review of the Council’s organisational structure should be undertaken. There should be full engagement with employees in considering the options for this structure.
5. The Council should appoint an independent local government finance expert to establish whether the Council’s proposed savings are accurate and achievable, and closely to monitor the delivery of the savings. We also recommend that the Council’s external auditor has access to all papers and minutes of the budgetary review working group and be entitled to attend all meetings.
6. The Council should ensure that robust and effective governance arrangements are in place, including officers producing reports that outline policy options, members receiving all committee papers in accordance with

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the timescales laid down in the Local Government (Access to Information) Act and the Council's Standing Orders, and members attending appropriate training courses.

7. To enhance public confidence in scrutiny, we recommend that scrutiny arrangements be chaired by a member of an opposition party.
8. All significant property transactions should be signed off by both the chief financial officer and the monitoring officer to ensure appropriate governance and accountability.

The report recommended:-

that the Council accept all of the Accounts Commission for Scotland's recommendations as set out in its findings and recommendations on *Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation*.

The Council resolved:-

to approve the recommendation.

MATTER OF URGENCY

Lord Provost Stephen intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency as it related directly to the previous item of business, which was the main purpose of the meeting.

PROPOSED ACTION PLAN TO ADDRESS THE FINDINGS AND RECOMMENDATIONS OF THE ACCOUNTS COMMISSION FOR SCOTLAND

3. The Council had before it a report by the Chief Executive which set out a proposed action plan to address the findings and recommendations of the Accounts Commission for Scotland on *Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation*.

The report listed each of the Accounts Commission's recommendations and outlined the current position, requesting a decision where appropriate.

Recommendation 1

Action should begin immediately to recruit a new and experienced Chief Executive. The interview panel should include representation from all political groups on the Council and should have external advisers.

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Current position

This matter is the subject of a separate report on the agenda (Article 4 of this minute refers).

Recommendation 2

The Council should secure appropriate assistance from peers, to assist it in implementing these findings and taking forward the conclusions of the Controller of Audit's reports.

Current position

With assistance from COSLA, a panel comprising the individuals below has been identified, all members have confirmed that they are willing to participate and a first meeting is currently scheduled for 27th June 2008.

Tom Aitchison	Chief Executive, City of Edinburgh Council
George Black	Chief Executive, Glasgow City Council
Alex Linkston	Chief Executive, West Lothian Council
John Mundell	Chief Executive, Inverclyde Council
Gavin Whitefield	Chief Executive, North Lanarkshire Council
Pat Watters	COSLA
Audrey Findlay	Formerly Aberdeenshire Council
Corrie McChord	Stirling Council
Rob Murray	Angus Council
David Parker	Scottish Borders Council

The Council was requested to agree the establishment of this external support group to assist in implementing the Accounts Commission's findings and taking forward the Council's Improvement Plan.

Recommendation 3

We would encourage the Council to establish an all party leadership board for the specific purpose of taking ownership of its improvement plan.

Current position

The Council was requested to agree the membership of the all party leadership board, the board's remit and how it was intended that the board operate.

Recommendation 4

Immediately following the appointment of a new Chief Executive a review of the Council's organisational structure should be undertaken. There should be full engagement with employees in considering the options for this structure.

Current position

Initial work has begun on outlining a potential staff engagement programme to be delivered with the support of an external partner.

The Council was requested to note the above, and approve that the matter be brought back to the appropriate Committee for final agreement.

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Recommendation 5

The Council should appoint an independent local government finance expert to establish whether the Council's proposed savings are accurate and achievable, and closely to monitor the delivery of the savings. We also recommend that the Council's external auditor has access to all papers and minutes of the budgetary review working group and be entitled to attend all meetings.

Current position

With assistance from COSLA, contact has been made with SOLACE (Society of Local Authority Chief Executives and Senior Managers) Enterprises and IPF (Institute of Public Finance) and an urgent search for a suitable candidate is underway.

The Council was requested to note the progress made to date on this recommendation, and approve that the matter be brought back to the appropriate Committee for final agreement.

Recommendation 6

The Council should ensure that robust and effective governance arrangements are in place, including officers producing reports that outline policy options, members receiving all committee papers in accordance with the timescales laid down in the Local Government (Access to Information) Act and the Council's Standing Orders, and members attending appropriate training courses.

Current position

The Continuous Improvement Committee will have before it at its meeting on 17th June 2008 a report on Corporate Governance which contains the following recommendation - *that the Committee agrees to request that the proposed all party leadership board oversees the review, development and updating of the City Council's Local Code of Corporate Governance for reporting back to the Continuous Improvement Committee on 9th September 2008 making use of the self-assessment process set out in the CIPFA/SOLACE guidance note and taking into account the improvement agenda flowing from the Audit of Best Value and Community Planning.*

The Council was requested to note the above.

Recommendation 7

To enhance public confidence in scrutiny, we recommend that scrutiny arrangements be chaired by a member of an opposition party.

Current position

Aspects of scrutiny arrangements within the Council currently rest with all Service Committees, the Continuous Improvement Committee and the Budget Monitoring Board.

The Council was requested to agree the scope of the scrutiny arrangements to be overseen by the new scrutiny panel, the membership of the panel, the panel's remit

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and how it was intended that the panel operate. The Council was requested to appoint the chair of the scrutiny panel.

Recommendation 8

All significant property transactions should be signed off by both the chief financial officer and the monitoring officer to ensure appropriate governance and accountability.

Current position

A protocol will be developed in consultation with the City Chamberlain and the City Solicitor as a matter of urgency to ensure that this recommendation is actioned.

The Council was requested to note the above, and approve that the protocol be brought back to the appropriate Committee for final agreement.

The report recommended:-

that the Council -

- (a) note the progress to date in identifying the matters to be addressed in response to the findings and recommendation of the Accounts Commission for Scotland on *Aberdeen City Council: Reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property Sales Investigation*;
- (b) agree the necessary next steps on each of the recommendations; and
- (c) instruct the Chief Executive and other appropriate officers to proceed with the necessary actions, reporting back as required to the relevant Committees and full Council.

The Council resolved:-

- (i) to approve the recommendations; and
- (ii) to thank the people named in Recommendation 2 for their offer of help in participating in the external support group.

Councillor Dean moved, seconded by Councillor Kevin Stewart:-

That the Council, in respect of Recommendation 3, agree that the Leadership Board comprise the four political Group Leaders, and that the Board meet as soon as possible to agree its remit and report back to the Council on 25th June 2008.

Councillor Ironside, seconded by Councillor Milne, moved as an amendment:-

That the Council, in respect of Recommendation 3, agree that the Leadership Board comprise the four political Group Leaders (with voting powers) and Councillor Boulton (without voting powers).

On a division, there voted:-

For the motion (24) - Lord Provost Stephen; Depute Provost John West; and Councillors Cassie, Clark, Corall, Cormack, Cormie, Dean, Dunbar, Fletcher, Greig,

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Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, Noble, Penny, Robertson, Jennifer Stewart, Kevin Stewart, Wendy Stuart and Kirsty West.

For the amendment (12) - Councillors Adam, Boulton, Collie, Cooney, Crockett, Donnelly, Farquharson, Graham, Hunter, Laing, Milne and Young.

Declined to vote (1) - Councillor Wisely.

Absent from the division (1) - Councillor Ironside.

The Council resolved:-
to adopt the motion.

The Council further resolved:-

- (i) in respect of Recommendation 4, to request that an update be given at Council on 25th June 2008;
- (ii) in respect of Recommendation 5, to note the update provided by the Chief Executive, to agree that an update be given at Council on 25th June 2008, and that the names of the individuals identified by SOLACE be provided to the Leadership Board;
- (iii) in respect of Recommendation 7, to agree that the Scrutiny Panel be established on a 4+4+2+2+1 basis; that Councillor Crockett be appointed as Chairperson and remunerated at the same level as a Lead Councillor; that Councillor Farquharson be appointed as Shadow Councillor; and that the Panel meet to discuss its remit and report back to the Council on 25th June 2008;
- (iv) in respect of Recommendation 8, to instruct officers to report back to the Council on 13th August 2008, particularly with reference to the definition of 'significant' property transactions;
- (v) to agree that the Leadership Board discuss and agree interim arrangements for the post of Chief Executive for the period between Douglas Paterson's retiral and the new Chief Executive taking up post, and report back to the Council on 25th June 2008; and
- (vi) to agree that meetings of the Urgent Business Committee be scheduled each Friday morning during the summer recess period, and that these meetings be cancelled if they were not required.

DECLARATIONS OF INTERESTS

Councillors Kiddie and Kevin Stewart declared interests in relation to the following item by virtue of their membership of UNISON. Councillor Noble declared an interest by virtue of his membership of T&G Unite. Councillor Fletcher declared an interest by virtue of his position as Vice President of COSLA. None of the Councillors considered that their

interests were of the nature which precluded their participation in the meeting.

MATTER OF URGENCY

Lord Provost Stephen intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, that the following item be considered as a matter of urgency as there was a need to commence the recruitment process as soon as was practicable.

APPOINTMENT OF CHIEF EXECUTIVE

4. With reference to Article 17 of the minute of its meeting of 21st May 2008, the Council had before it a report by the Corporate Director for Resources Management which set out the proposed arrangements for filling the post of Chief Executive and sought approval to proceed with those arrangements.

The report (a) emphasised the importance of the recruitment and selection of a new Chief Executive, which every elected member, subject to availability, would play an active part in in terms of Standing Order 47; (b) advised that Human Resources had made contact with a number of organisations and local authorities to ascertain good practice in relation to the recruitment and selection of a Chief Executive, which indicated that the recruitment of a Chief Executive was unlikely to reach a successful conclusion by relying solely on the Council's normal in-house approach; (c) stated that an increasing number of Councils engaged a specialist recruitment consultant to work with them during the recruitment and selection process, and the use of external advisers was one of the core recommendations made by the Accounts Commission following the recent hearing; (d) summarised the benefits of the Council appointing a recruitment consultant; (e) advised that the matter had been discussed at a meeting of the four Group Leaders and the Council's independent member on 6th June 2008, following which the Head of Human Resources arranged a meeting on 10th June between those Councillors and a senior representative of Munro Consulting; (f) updated that following the meeting on 10th June the Head of Human Resources, in consultation with the City Solicitor and City Chamberlain, authorised the acceptance of a tender from Munro Consulting which amounted to a maximum of £27,000 for specified services, in terms of Standing Order 71(8)(vi), in view of the urgent requirement to expedite the recruitment process and the consultant's expertise in this area of work; (g) envisaged that the recruitment consultant would work closely, and quickly, with the Leadership Board, the Corporate Director for Resources Management and the Head of Human Resources to finalise a suitable advertisement, the job description and person specification for the post; (h) set out an indicative timeline for the project, which was based on advertising the post during the week commencing 16th

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June with a closing date for applications of the week commencing 14th July, leading to a shortleeting meeting on the week commencing 28th July and the assessment process, dinner and interviews during the week commencing 18th August; (i) underlined that the timeline was heavily dependent on advertising the post immediately and related matters; (j) highlighted that it was likely that the post of Chief Executive would have to be covered on an interim basis, and that options in this regard would be considered by the Leadership Board in the first instance; (k) anticipated that consideration might have to be given to the attractiveness of the salary of the post, which was approximately £127,500, and proposed that authority for amending the salary be delegated to the Corporate Director for Resources Management and the Head of Human Resources in conjunction with the Leadership Board; (l) stated that any elected member who had not been trained in recruitment and selection would require to undergo the training prior to their participation; (m) noted that some concern had been expressed by trade unions in relation to the fact that engaging a recruitment consultant was a deviation from the norm, however it had been confirmed that this method would not be repeated at levels below the post of Chief Executive without full and meaningful consultation with them; and (n) appended the draft job description and person specification for the post as well as the responses from the trade unions on the proposed arrangements.

The report recommended:-

that the Council -

- (a) agree, following guidance provided at a meeting of Group Leaders and Councillor Boulton on 6th June 2008, to homologate the action of the Head of Human Resources in arranging a meeting on 10th June 2008 between Munro Consulting and those Councillors with a view to the consultant advising on how the Council could be assisted in securing a high quality appointment to the post of Chief Executive;
- (b) note the appointment, following the meeting on 10th June 2008, of Munro Consulting as recruitment consultant by the Head of Human Resources in consultation with the City Solicitor and City Chamberlain in terms of Standing Order 71(8)(vi) by virtue of special circumstances, namely (1) the need to appoint such external assistance as a matter of urgency to allow the recruitment process to be expedited, on the basis of a tender amounting to £27,000 for specified services; and (2) the unique expertise of the consultant in assisting local authorities which, in the past, had received critical reports from the Accounts Commission;
- (c) agree to the costs identified being met from the Council's general contingencies budget;
- (d) agree the draft job description and person specification for the post and delegate authority to the Head of Human Resources in conjunction with the Leadership Board to make any final adjustments as may be deemed necessary;
- (e) delegate responsibility for determining the detailed recruitment and selection arrangements, including review of salary, to the Corporate Director for Resources Management and the Head of Human Resources in conjunction with the Leadership Board; and

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- (f) agree that the deviation from the normal recruitment process (i.e. the engagement of a consultant) be restricted to the appointment of the Chief Executive and that this process would not be repeated for posts below this level without full and meaningful consultation with the trade unions.

The Council resolved:-

- (i) to approve the recommendations; and
- (ii) to agree that all matters relating to the recruitment of a new Chief Executive be considered by the Leadership Board in the first instance.

- **PETER STEPHEN**, Lord Provost.