

FINANCE, POLICY AND RESOURCES COMMITTEE

ABERDEEN, 1 December 2017. Minute of Meeting of the FINANCE, POLICY AND RESOURCES COMMITTEE. Present:- Councillor Lumsden, Convener; Councillor Graham, Vice-Convener; and Councillors Allan (as substitute for Councillor Macdonald for article 9 and substitute for Councillor Laing for article 16), Allard, Cameron, Flynn, Houghton, Hutchison (as substitute for Councillor Allard for article 16), John, Laing, Macdonald, Catriona Mackenzie, McLellan (as substitute for Councillor Jackie Dunbar), Nicoll, Reynolds, Sellar, Townson, Wheeler (as substitute for Councillor Donnelly) and Yuill.

The agenda and reports associated with this minute can be found at:-

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=146&MIId=4336&Ver=4>

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DETERMINATION OF URGENT BUSINESS

1. The Convener had determined that the following item of business be considered as a matter of urgency in terms of section 50(B)(4)(b) of the Local Government (Scotland) Act 1973:-

- item 8.15 (Aberdeen Art Gallery Redevelopment and Provost Skene's House Refurbishment and Museum Progress).

The Committee Resolved:-

to concur with the Convener

DETERMINATION OF EXEMPT BUSINESS

2. The Convener proposed that the Committee consider items 9.1 (Disposal of Former Victoria Road School – Exempt Appendix), 9.2 (Cost of Proposed Pupil Transport to Lochside Academy), 9.3 (Review of Sports Organisations), 9.4 (Occupational Health Contract), 9.5 (Procurement of Debt Collection Sheriff Officer Services), 9.6 (Procurement of Payment Processing Services), 9.7 (Procurement of Cash in Transit Services), 9.8 (Connectivity Upgrade), 9.9 (Arm's Length External Organisations – Review of Repair and Maintenance Compliance in Leased Properties), 9.10 (Proposed Sale of Property Site – 17 Pitmedden Road Industrial Estate, Dyce, Aberdeen), 9.11 (Cults Business Park, Proposed Extension of Ground Lease), 9.12 (Refurbishment Works – Minto Drive, Altens Industrial Estate, Aberdeen) and 9.13 (Aberdeen Art Gallery Redevelopment and Provost Skene's House Refurbishment and Museum Progress – Exempt Appendix) with the press and public excluded.

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The Committee resolved:-

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from item 9.1 of the agenda so as to avoid disclosure of information of the classes described in the following paragraphs of Schedule 7(A) to the Act:- article 17 of this minute (paragraph 10), article 15, 17, 20 and 25 of the reconvened minute (paragraph 8), article 16 of the reconvened minute (paragraph 6), article 18 of this minute and articles 18 and 19 of the reconvened meeting (paragraphs 8 and 10) and articles 21, 22, 23 and 24 of the reconvened minute (paragraphs 6, 8, 9 and 10).

DECLARATIONS OF INTEREST

3. Members were requested to intimate any declarations of interest in respect of the items on today's agenda, thereafter, the following declarations of interest were intimated:-

- (1) Councillor Nicoll declared an interest in items 9.3 (Review of Sports Organisations) and 9.9 (Arm's Length External Organisations – Review of Repair and Maintenance Compliance in Leased Properties) by virtue of his Council appointment as a Board member of Garthdee Alpine Sports, in this regard, a specific exclusion applied as the body was a company established wholly or mainly for the purpose of providing services to the local authority and which had entered into a contractual arrangement with that local authority for the supply of goods and/or services;
- (2) the Convener declared a non-financial interest in item 9.3 (Review of Sports Organisations) by virtue of his appointment as a Board member of Garthdee Alpine Sports, although he indicated that he had received no contact from the organisation, had not attended any meetings of the Board and according to Companies House, he had not been formally appointed by their Board, therefore he considered that the nature of his interest would not require him to leave the meeting during deliberations thereon;
- (3) the Vice-Convener declared an interest in items 9.3 (Review of Sports Organisations) and 9.9 (Arm's Length External Organisations – Review of Repair and Maintenance Compliance in Leased Properties) by virtue of his Council appointment as a Director of Sport Aberdeen, in this regard, a specific exclusion applied as the body was a company established wholly or mainly for the purpose of providing services to the local authority and which had entered into a contractual arrangement with that local authority for the supply of goods and/or services;
- (4) Councillor Nicoll and Councillor Cameron declared an interest in item 8.6 (Enforcement of the Private Rented Housing Sector) by virtue of them being Private Landlords, they considered that the nature of their interest would not require them to leave the meeting during deliberations thereon;

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- (5) Councillors Yuill and Houghton declared an interest in items 8.15 and 9.13 (Aberdeen Art Gallery Redevelopment and Provost Skene's House Refurbishment and Museum Progress) by virtue of them being Council appointed members of Robert Gordon's College Board of Governors, which was a neighbouring property of the Art Gallery, they considered that the nature of their interest would not require them to leave the meeting during deliberations thereon;
- (6) Councillors Flynn and Macdonald declared an interest in items 8.14 and 9.1 (Disposal of Former Victoria Road School) by virtue of them being Council appointed members of Shaping Aberdeen Housing Limited Liability Partnership (LLP) Management Board, they considered that the nature of their interest required them to leave the meeting and they took no part in the Committee's deliberations thereon; and
- (7) Councillor Laing declared an interest in item 8.3 (City Events 2018-2019) by virtue of her Council appointment as a Board member of Aberdeen Inspire, she considered that the nature of her interest required her to leave the meeting and she took no part in the Committee's deliberations thereon.

REQUESTS FOR DEPUTATION

4. The Committee had before it two requests for deputation from Mr David Fryer relating to item 8.14 (Disposal of Former Victoria Road School) and Mr Stewart Aitken relating to item 8.13 (Year of Young People Cultural Award Programme).

The Committee resolved:-

- (i) to note that the deputation from Mr Aitken had been withdrawn; and
- (ii) to agree to hear the deputation from Mr Fryer immediately prior to consideration of the report, which would be taken earlier on the agenda.

MINUTE OF PREVIOUS MEETING OF 20 SEPTEMBER 2017

5. The Committee had before it the minute of its previous meeting of 20 September 2017, for approval.

The Committee resolved:-

to approve the minute as a correct record.

COMMITTEE BUSINESS STATEMENT

6. The Committee had before it a statement of pending and outstanding committee business prepared by the Head of Legal and Democratic Services.

The Committee resolved:-

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- (i) to delete items 2 (FCHJU Fuel Cell Bus Commercialisation Project), 3 (Report on Lease Issues with ALEO's), 7 (Service to Deliver Mobility Equipment Hire), 11 (Enforcement within the Private Rented Housing Sector), 13 (Furniture Storage and Removals and Domestic Furniture and Furnishings), 14 (Sports Provision Across the City), 17 (Non-Domestic Rates Relief Options), 18 (ICT Account Access Procedure) subject to the decisions taken later on the agenda; and
- (ii) to otherwise note the updates provided.

MOTIONS LIST

7. The Committee had before it the Motions List prepared by the Head of Legal and Democratic Services.

The Committee resolved:-

to delete items 1 (Motion by Councillor Stewart relating to Unreasonable Delays in Capital Programmes of Works Attributed to the Contractor) and 2 (Motion by Councillor Cooke relating to Gordon Highlanders Museum – Financial Assistance) from the Motions List subject to the decisions taken later on the agenda.

COMMITTEE TRACKER

8. The Committee had before it the Report Tracker containing future committee business.

The Committee resolved:-

- (i) that in relation to the Outcomes of the City Centre Living Study, that officers seek to determine whether money could be recuperated as a result of the delay by the consultants; and
- (ii) to otherwise note the information contained within the report tracker.

DISPOSAL OF FORMER VICTORIA ROAD SCHOOL - CHI/17/226

9. (A) In accordance with article 4 of this minute, the Committee heard the following deputation from Mr David Fryer, Mr Alistair Spence and Mr George Wood on behalf of Torry Heritage Group.

Mr Spence advised that Torry people from near and far had fought to retain the buildings; that the buildings were now in a poor state and had not been kept adequately secured to allow for deterioration to assist the case for demolition and total clearance of the site. He indicated that the buildings were structurally sound; that the plans which were drawn up previously were viable in construction and architectural terms and would retain all the trees that were covered under Tree Preservation Orders.

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Mr Wood advised that the community of Torry had never stood in the way of redeveloping the site, they were only against unsympathetic commercial gain which showed no respect for heritage or community aspirations. He indicated that the structure of the buildings remained solid, presenting an iconic image of our past and a centrepiece on which to base site and area redevelopment. He intimated that he sought respite in which to engage in meaningful and time limited conversations between all parties to formulate a development profile beneficial to both the community and the Council. He requested that the Committee decline the report's recommendations.

Mr Fryer circulated an aerial photograph of the Former Victoria Road School site and made reference to the history of the school buildings. He explained that the buildings were irreplaceable, structurally sound and were capable of standing for centuries which would outlast models of glass and steel architecture of the 21st Century. He made reference to a restoration scheme three years ago which showed the flexibility and adaptability of the school buildings and which would echo the successful regeneration of Marischal College through creating a new internal structure that meets all standards. He made reference to the restoration works of Causewayend and Mile End schools for new uses and Hanover Street School to meet local education needs. He requested that Councillors reject the report recommendations and sought opportunities for new uses to be brought forward.

(B) The Committee had before it a report by the interim Director of Communities, Housing and Infrastructure which sought approval for the proposed next actions in order to see the property disposed of and subsequently the site brought back into economic use.

The report recommended:-

that the Committee –

- (a) instruct the Head of Land and Property Assets following consultation with the Head of Commercial and Procurement Services to progress with the demolition of the property by instructing the tendering of the demolition contract;
- (b) instruct the Head of Land and Property Assets in conjunction with the Head of Commercial and Procurement Services to award the tender to the successful tenderer incorporating such appropriate clauses within any contract to protect the Council's interest;
- (c) approve the estimated expenditure in relation to (a) and (b) above as detailed in appendix 1 of the report; and
- (d) instruct the Head of Land and Property Assets to formally offer the cleared site to the Shaping Aberdeen LLP. If not required by the Shaping Aberdeen LLP instruct the Head of Land and Property Assets to recommence the open marketing of the site.

The Committee resolved:-

- (i) to note the content of the report; and

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- (ii) to instruct the Head of Land and Property to enter in to dialogue with Torry Development Trust to jointly consider the options presented and report these options to the meeting of Finance, Policy and Resources Committee on 1 February 2018.

DECLARATION OF INTEREST

Councillor Yuill declared an interest in the following item by virtue of him being a member of Friends of Gordon Highlanders Museum, he considered that the nature of his interest would not require him to leave the meeting during deliberations thereon. Councillor Cooke declared an interest in the following item by virtue of him being a Council appointed Board member of Gordon Highlanders Museum, however as he was not a member of the Committee and would therefore not be deliberating on the report he considered that the nature of his interest did not require him to leave the meeting during deliberations thereon.

GORDON HIGHLANDER MUSEUM - FINANCIAL ASSISTANCE - IN RESPONSE TO MOTION BY COUNCILLOR COOKE - CG/17/131

10. With reference to article 23 of the minute of meeting of Council of 21 June 2017, the Committee had before it a report by the Head of Finance which provided information and a response in relation to a motion by Councillor Cooke instructing officers to investigate what financial support could be provided by the Council to the Gordon Highlanders Museum.

The report recommended:-

that the Committee –

- (a) note the content of this report;
- (b) agree that the request for financial support be referred to the Council's 2018/19 budget setting process;
- (c) instruct the Head of Finance, Head of Economic Development and Head of Education and Inclusion to work with and support representatives of the Gordon Highlanders Museum to consider the museum's business model, external and internal funding sources and to integrate into the city's culture network.

The Committee heard from Councillor Cooke in support of his motion.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) that officers provide details to Councillor Sellar in relation to the position in terms of the Gordon Highlanders Museum joining the Cultural Network.

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CORPORATE GOVERNANCE FINANCIAL PERFORMANCE - QUARTER 2, 2017/18 - CG/17/133

11. With reference to article 10 of the minute of the previous meeting of 20 September 2017, the Committee had before it a report by the Head of Finance which outlined the full year forecast position of Corporate Governance for the financial year 2017/18, for both revenue and capital accounts.

The report recommended:-

that the Committee note the Corporate Governance forecast revenue and capital position as detailed in Appendix 1.

The Committee resolved:-

- (i) to approve the recommendation;
- (ii) that officers provide a breakdown of telecom costs for Bon Accord Care and that it be circulated to all members of the Committee; and
- (iii) that officers provide details of free public wifi usage and that it be circulated to members of the Committee.

TREASURY MANAGEMENT POLICY AND STRATEGY - MID-YEAR REVIEW - CG/17/127

12. With reference to article 14 of the minute of meeting of 29 June 2017, the Committee had before it a report by the Head of Finance which provided an update on Treasury Management activities undertaken to date during financial year 2017/18.

The report recommended:-

that the Committee –

- (a) consider and note the Treasury Management activities undertaken in the 2017/18 financial year as detailed in this report; and
- (b) refer this report to Council with a recommendation to note the Treasury Management activities undertaken to date in the 2017/18 financial year.

The Committee resolved:-

to approve the recommendations.

COUNCIL FINANCIAL PERFORMANCE - QUARTER 2, 2017/18 - CG/17/130

13. The Committee had before it a report by the Head of Finance which outlined the financial position of the Council, as at Quarter 2 (July – September 2017) and the full year forecast position for the financial year 2017/18, including:-

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- General Fund and Housing Revenue Account (HRA) revenue and capital accounts and the associated balance sheet; and
- Common Good Revenue Account and balance sheet.

The report recommended:-

that the Committee –

- (a) note the following:-
 - (1) General Fund and HRA financial performance as detailed in Appendix 1;
 - (2) Common Good financial performance as detailed in Appendix 3;
 - (3) General Fund forecast revenue position as detailed in Appendix;
 - (4) HRA forecast revenue position as detailed in Appendix 2;
 - (5) General Fund forecast capital position as detailed in Appendix 2;
 - (6) HRA forecast capital position as detailed in Appendix 2;
 - (7) Common Good forecast revenue position as detailed in Appendix 2; and
 - (8) Group Entities forecast revenue position as detailed in Appendix 4;
- (b) approve the 2018/19 budget approach and timeline as detailed in Appendix 5;
- (c) agree the following in the General Fund Capital, further details of which are provided in Appendix 2;
 - (i) Withdrawal of project NHCP839 - Flood Prevention Measures: Inchgarth Road from the programme as a result of approval of the re-scoped works by Communities Housing and Infrastructure committee on 29 August 2017; and
 - (ii) Bring project NHCP805 – Technology Investment Requirements and Digital Strategy to an early close due to it being superseded by the adoption of the new Digital approach by Strategic Transformation committee on 4 October 2017 and associated Transformation Fund.
- (d) agree the following from Common Good:-
 - (i) Allocation of £4,875 funding to Aberdeen Street Pastors;
 - (ii) Allocation of £7,000 funding to Friends of Victoria & Westburn Park; and
 - (iii) Allocation of £75,000 funding for external cleaning costs of the Music Hall.

The Committee resolved:-

- (i) to approve the recommendations; and
- (ii) to instruct the Chief Executive to write to the Scottish Ministers to seek an assurance that they will maintain, for the 2018/2019 funding settlement, a “floor” in the General Revenue Grant to the Council of 85% of the average per head of population General Revenue Grant across Scotland;
- (vi) that officers provide clarity on the discrepancy in the figures relating to the Relief Scheme on page 109 in appendix 2, and circulate details to members of the Committee;
- (vii) that officers circulate details to all members of the Committee in relation to the reasons for the timeline ‘amber’ status for the Energy from Waste Facility;
- (viii) that officers circulate details to all members of the Committee in relation to the reasons for the budget ‘amber’ status for the Broad Street Project; and

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- (ix) that officers circulate details to all members of the Committee in relation to the reasons for the increased forecast expenditure for the new AECC project.

CREDIT RATING ANNUAL REVIEW - CG/17/132

14. The Committee had before it a report by the Head of Finance which provided an overview of the recent credit rating annual review and the outcome of the review.

The report recommended:-

that the Committee –

- (a) note the process undertaken for the annual review; and
- (b) note the outcome of the annual review.

The Committee resolved:-

to approve the recommendations.

BARCLAY REVIEW OF NON-DOMESTIC RATES - CHI/17/269

15. With reference to article 20 of the minute of meeting of 29 June 2017, the Committee had before it a report by the Head of Finance which provided information on the recommendations of the Barclay Review group that was established to enhance and reform the business rates system in Scotland to better support business growth and long term investment.

The report recommended:-

That the Committee note the recommendations contained in the report of the review group and officers' assessment of how the recommendations could impact on Aberdeen City Council as both a rating authority and a ratepayer and also how they could impact on the local economy as a whole.

The Committee resolved:-

- (i) to approve the recommendation; and
- (ii) to instruct the Chief Executive to write to the Scottish Government to seek assurance that any relief granted to organisations through the Barclay Review recommendations will not adversely impact on the funding settlement for local authorities.

At this juncture the Convener intimated that in terms of Standing Order 37(2) Committee meetings shall only continue after four hours from commencement if a decision to that effect is taken by the Committee. The Committee agreed unanimously to continue the meeting.

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DECLARATION OF INTEREST

Councillor Allard declared an interest in relation to the following item of business by virtue of him being a member of the North East Scotland Fisheries Development Partnership and the Grampian Valuation Joint Board, he considered that the nature of his business required him to leave the meeting and he took no further part in the Committee's deliberations thereon (Councillor Hutchison substituted for Councillor Allard). Councillor Laing also declared an interest in relation to the following item of business by virtue of her being a member of the North East Scotland Fisheries Development Partnership, she considered that the nature of her business required her to leave the meeting and she took no further part in the Committee's deliberations thereon (Councillor Allan substituted for Councillor Laing). Councillor Reynolds also declared an interest in relation to the following item of business by virtue of him being a member of the Grampian Valuation Joint Board, he considered that the nature of his interest did not require him to leave the meeting. Councillor Houghton declared an interest in relation to the following item of business by virtue of him being a member of the North East Scotland Fisheries Development Partnership. He indicated that he had not attended any meeting of the Partnership and therefore considered that the nature of his interest did not require him to leave the meeting.

NATIONAL AND LOCAL BUSINESS RATES RELIEF SCHEMES - CG/17/125

16. The Committee had before it a report by the Head of Finance, which provided information in relation to business rates relief granted under both the national Transitional Relief Scheme and the local rates relief scheme.

The report recommended:-

that the Committee –

- (a) note the position relative to the number and value of relief cases granted under the national transitional relief scheme and the local rates relief scheme; and
- (b) note that 8 applications for the local relief scheme were received after the deadline and will therefore not be considered for approval.

The Convener, seconded by the Vice Convener moved:-

That the Committee agrees recommendations (a) and (b) above with the addition of the following:-

- (1) that the Council extend the closing date for applications to the 2017/18 local relief scheme from 30 September 2017 until 31 March 2018; and

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- (2) that this Council instructs the Chief Executive to write to the Scottish Government calling on them to extend the current National Scheme to provide business rate support for the Fish Processing Industry for 2018/19 similar to that afforded to the hospitality industry in 2017/18.

Councillor Flynn, seconded by Councillor Yuill moved as an amendment:-

That the Committee agrees recommendations (a) and (b) above with the addition of the following:-

- (1) that the Council extend the closing date for applications to the 2017/18 local relief scheme from 30 September 2017 until 31 March 2018;
- (2) agree, that the Council has the power to offer discretionary non-domestic rates relief to business in Aberdeen. Therefore, instructs the Head of Finance to include within the Council's budget setting processes for 2018/19 the allocation of £1.02million towards Non-Domestic Rates Relief for the manufacturing sector, which includes the fish processing sector, and that this relief will be capped at 100% for all rates increases above 12.5% with a tone date of 2016/17; and
- (3) note that this relief package is required in order to help support the sector at a time when its future is deeply uncertain due to the policy of the UK Government to pursue a 'Hard Brexit' which lacks clarity on the residence status of EU Nationals working in manufacturing – and more specifically, fish processing sector.

On a division, there voted:- for the motion (9) – the Convener, the Vice Convener and Councillors Allan, Houghton, John, Macdonald, Reynolds, Sellar and Wheeler; for the amendment (8) – Councillors Cameron, Flynn, Hutchison, Catriona MacKenzie, MacLellan, Nicoll, Townson and Yuill.

The Committee resolved:-

to adopt the motion.

In terms of Standing Order 31.1, Councillor Yuill intimated that he would like this matter to be referred to full Council in order for a final decision to be taken. Councillor Yuill was supported by Councillors Cameron, Flynn, Hutchison, Catriona MacKenzie, MacLellan, Nicoll and Townson.

In accordance with the decision recorded under article 2 of this minute, the following items were considered with the press and public excluded.

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DISPOSAL OF FORMER VICTORIA ROAD SCHOOL - CHI/17/226 - EXEMPT APPENDIX

17. The Committee had before it an exempt appendix relating to the Disposal of Former Victoria Road School report, referred to article 9 above.

The Committee resolved:-

to note the information contained within the exempt appendix.

CONNECTIVITY UPGRADE - CG/17/148

18. With reference to article 21 of the minute of meeting of 19 April 2016, the Committee had before it a report by the Head of Finance which sought approval to delegate authority to officers to conclude negotiations to upgrade the Council's wide area network as the first step of investment in Aberdeen's wider fibre infrastructure.

The report recommended:-

that the Committee –

- (a) delegate authority to the Head of IT and Transformation following consultation with the Head of Commercial & Procurement Services to conclude contract negotiations to extend the Council's wide area network to ultrafast (fibre based) connectivity capability at an estimated cost of £2m, subject to consultation with the UK government, and approval from the City Region Deal Joint Committee and Scottish Government that £2million of City Region Deal funding be allocated for this purpose; and
- (b) subject to the above approvals and funding mechanism being granted, approve expenditure of up to £2 million from the Council's Reserves pending full cost recovery from City Region Deal funding to enable the delivery of this project as detailed in this report, and the project's inclusion in the Council's Non-Housing Capital Programme.

The Committee were advised by the Head of IT and Transformation that subject to formal written confirmation, the Scottish Government had recently agreed to fund £2m from City Region Deal funding to enable the delivery of the project.

The Committee resolved:-

to approve recommendation (a) above.

At this juncture, the Convener in terms of Standing Order 33.6 proposed that the meeting be adjourned and that all the remaining reports on the agenda be considered at a reconvened meeting on 6 December 2017. This was unanimously agreed by the Committee.

- COUNCILLOR DOUGLAS LUMSDEN, Convener

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