

Revenue Items Referred to the Budget Process

The following items have been referred to the budget process which the Council is asked to provide a decision on whether they wish to take these projects further:

Council - 25 August 2022

Notice of Motion by Councillor Macdonald:

“To instruct the Chief Executive to report to the December 2022 Council meeting on the feasibility of offering free bus travel to every resident of Aberdeen, by fully funding those residents who are not eligible for existing concessionary schemes.”

The Council resolved :

to refer the notice of motion to the budget process.

Background

Free bus travel is available to a proportion of the Scottish population, there are two schemes.

Young Persons’ (Under 22s) Free Bus Travel:

- *If you live in Scotland and are 5-21 years old you are eligible for a card giving you free bus travel. Children under 5 years old already travel for free on buses and don’t need a card.*
- *All young people and children aged 5-21 years can apply for a card to access the Young Persons’ (Under 22s) Free Bus Travel Scheme, which began on 31 January 2022.*
- *You will need a National Entitlement Card (NEC) or Young Scot NEC with the valid free travel entitlement with you whenever you want to take the bus – otherwise you’ll have to pay for your trip.*
- *Asylum seekers and refugees aged between 5 and 21 can access the scheme. As with all others of those ages living in Scotland, they can apply for a National Entitlement Card (NEC) to access free bus travel.*

Over 60’s and Disabled Concession Scheme:

- *The scheme provides free travel on registered local and long-distance bus services throughout Scotland, at any time of day for any number of journeys, for those aged 60 and over, as well as for eligible disabled people who live in Scotland.*
- *Cardholders living in Orkney, Shetland and the Western Isles receive two free return ferry journeys each year to the Scottish mainland.*
- *The key objectives of the concessionary travel scheme are to:*
 - *allow older and disabled people, improved access to services, facilities and social networks, promoting social inclusion*
 - *improve health by promoting a more active lifestyle for the elderly and disabled*
 - *remove the restrictions of the previous local off-peak concessionary fare scheme which was limited in offering access to facilities*
 - *promote a modal shift from private cars to public transport*

- *maintain a viable position for bus operators with a standard reimbursement rate*
- *provide opportunities for improvements to public transport, such as assisting development of multi-operator ticketing and the use of electronic ticket machine technology*
- *facilitate a more effective administration of the system by adopting a standard reimbursement rate and shifting operational responsibility from local authorities to Transport Scotland*
- *provide a stimulus to the introduction of smart ticketing*
- *You can use your National Entitlement Card to get a ticket in advance or on the bus. Advance tickets must be collected in person.*

The bus companies received payment for the journeys travelled, based on reduced fares.

Amendments to the National Bus Travel Concession Scheme for Young Persons (Scotland) Order 2021

3.—(1) The National Bus Travel Concession Scheme for Young Persons (Scotland) Order 2021¹ is amended in accordance with this regulation.

(4A) The reimbursement rate for the financial year beginning on 1 April 2022 is—

- (a) **43.6%** in relation to eligible journeys on eligible services made by eligible persons aged 5 to 15 years old,
- (b) **81.2%** in relation to eligible journeys on eligible services made by eligible persons aged 16 to 21 years old.

Amendments to the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Order 2006

2.—(1) The National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Order 2006² is amended in accordance with this regulation.

(2) At the end of article 12(2B) insert—

“(m)for the financial year beginning on 1 April 2022 £226,100,000.”.

(3) At the end of article 12(2D) insert—

“(j)**55.9%** for the financial year beginning on 1 April 2022.”.

Reference above to £226m is the funding cap for the scheme Over 60 & Disabled scheme.

Local Information

On the First network, in 2017/18 (last specific figures we have) there were 10,427,460 fare paying passengers (approx. 25% of these would be under 22's, so are removed for calculation purposes).

This estimates the number of 'First' journeys in Aberdeen for 22-59 year olds at 7.821m

¹ [S.S.I. 2021/175](#), as amended by [S.S.I. 2021/381](#).

² [S.S.I. 2006/107](#), as relevantly amended by [S.S.I. 2010/140](#), [S.S.I. 2013/114](#), [S.S.I. 2015/133](#), [S.S.I. 2017/71](#), [S.S.I. 2018/98](#), [S.S.I. 2019/119](#), [S.S.I. 2020/104](#) and [S.S.I. 2021/175](#).

Recognising that the bus network also includes Stagecoach, adding a factor of 10% will represent an estimate of the other journeys, c.0.782m.

Total estimated journeys per annum for 22-59 year olds in Aberdeen is 8.603m.

Pricing/Cost

The cost of free bus travel for Adults in Aberdeen who are currently not eligible for a National Entitlement Card can only be estimated at this time, and a more refined estimate would have to be subject to further data collection, analysis and research.

The final cost would depend on usage numbers and the method of implementing the scheme, if the chosen mechanism to implement the scheme was a bus pass with bus operators as opposed to reimbursement scheme this would require a procurement exercise to determine the commercial rate.

Indicative Costs

Reimbursement of Operators:

Using estimated passenger journeys (8.603m) by the current National Entitlement Card reimbursement rates, the range of total cost is as follows:

Based on an Adult Single Fare (First Bus) of £2.85.

Based on reimbursement rate equivalent to Under 22's, 16–22-year-old (max 81.2% Adult single fare) = **£19.9m**

Based on reimbursement rate equivalent to Over 60's and Disabled Concession Scheme (55.9% Adult single fare) = **£13.7m**

It is therefore simply estimated that the cost of introducing a local scheme of concessionary fares for adults in Aberdeen who are not eligible for the National Entitlement Card could be from £13.7m to £19.9m.

Administration:

Additional costs in respect of managing the relationship between the Council and bus operators and Transport Scotland would also be relevant, as well as administering the increased volume of applications from eligible citizens in Aberdeen. This would be an ongoing cost.

Furthermore, one-off set up costs will apply, to establish and track eligibility, and ensure connection to and integration with the National Entitlement Card technology. These costs have not been explored and are therefore not known.

To better be able to define a total cost, or range for those costs, would require investment by the Council, in the resources needed to research and develop an outline business case.

Funding Implications:

The estimated costs shown above are all revenue costs.

Funding options are:

- Scottish Government (through further legislation and expansion of the current schemes) – no national policy direction for this to happen currently;
- Council General Fund – budgets do not exist within the current General Fund to pay for the estimated costs, recurring savings would have to be identified for the scheme to be financially afforded;
- Common Good – gross annual income of c.£4m-£5m is available in the Common Good therefore not a economically viable source of financing;
- External Funding/Sponsorship – further work would be required in order to determine if funding of this nature would be available on a recurring basis to pay for the scheme; it is likely that match funding or multiple funding streams would have to be found.

Conclusion: There are no identifiable funding sources for a scheme offering free bus travel to every resident of Aberdeen that is ineligible for the National Entitlement Card, and add to that the quantum of the cost implications, it is recommended that no further work should be done.

Council – 14 December 2022**Notice of Motion by Councillor Houghton:**

“That Council:-

1. Notes the summit held on 9 November 2022 concerning the future of Aberdeen City Centre.
2. Notes the unanimous decision of the Finance, Policy and Resources Committee in June 2017 to set aside up to £4.2million to be utilised for a non-domestic rates local transition scheme.
3. Agrees the damaging effect of Scottish Government controlled NonDomestic Rates has had as another decisive factor in the deterioration of the high street despite temporary mitigation measures.
4. Notes that only legislation by the Scottish Parliament will structurally change the scheme of Non-Domestic Rates in Scotland and that the council lacks the powers to change the rates for businesses.
5. Agrees that the power to provide business rate relief already lies with the Council.
6. Therefore instructs the Chief Officer - City Growth, following consultation with the Chief Officer - Customer Experience and Chief Officer - Finance, to report to the next Council meeting providing details on a range of options and costings for a ‘business rates exemption zone’ within the city centre.

The Council resolved :

to refer the notice of motion to the budget process.

Briefing note

What? (e.g. What is the current situation? What information is known, or unknown)

The Community Empowerment (Scotland) Act 2015 gives councils the power to create and fund their own localised business rates relief schemes in order to support local needs and communities.

Currently there are no local business rates relief schemes applied by ACC, and for this analysis, the total anticipated income to be collected in Non-Domestic Rates from properties within the Aberdeen City Council area in 2023/24 is estimated to be £208.3m.

So What? (e.g. What does that mean? How can the situation be interpreted?)

Following Council approval of the action plan for vacant units on Union Street in December 2022, and Aberdeen Inspired’s Union Street summit in November 2022, several options for a business rates exemption zone within the city have been explored.

The costing of these options accounts for awarding any localised relief only to those not already in receipt of an existing national relief (ie. Charitable Relief or Small Business Bonus) since the costs of national relief are borne by the Scottish Government.

The rationale for a localised business rates exemption scheme would be to incentivise occupation of units in priority areas and to support existing businesses through the current difficult economic environment by reducing or relieving their rates bill.

Now What? (e.g. What can this lead to? What can happen next? What do we need to consider for the future?)

The option costs detailed below are subject to change as the final new rateable values coming into effect on 01 April 2023 are not yet known.

Option 1: At an anticipated cost of £45m in 2023/24 - apply 100% business rates exemption to all postcodes within the City Centre Masterplan (CCMP) zone.

It would be possible to apply such an exemption from 01 April 2023 via the existing rates management software.

Option 2: At an anticipated cost of £7.1m in 2023/23 - apply 100% business rates exemption to all Union Street postcodes.

It would be possible to apply such an exemption from 01 April 2023 via the existing rates management software.

Option 3: Apply a partial business rates exemption to any priority geographic location to meet a defined cost level. By way of illustration, *“at an anticipated cost of £4.5m in 2023/24 - apply 10% business rates discount to all postcodes within the City Centre Masterplan (CCMP) zone.”*

A ‘bespoke’ discount amount cannot be delivered within the parameters of the existing rates software provider (Northgate NEC Orbis NDR System) without undertaking a systems re-design at additional cost. Therefore Option 3 could not be applied from 01 April 2023.

All options would require increased human resource to process the exemption/discount and monitor any tenant changes to ensure national relief eligibility is assessed and (if relevant) applied before any local relief.

Decisions? (e.g. Are any decisions needed at this point? Or at a point in the future? Include options if appropriate)

Given the level of anticipated costs involved, officers are not recommending any of the above options are progressed for the 2023/24 Budget.

Education and Children's Services Committee – 24 January 2023

Music Centre Options - CFS/22/020

The Committee resolved:

- (i) to endorse the draft vision and aims for the provision of the Music Centre in paragraph 3.3;
- (ii) to note the Options Appraisal on potential models contained in Appendix A;
- (iii) to instruct the Chief Education Officer to make arrangements to immediately implement Option 2;
- (iv) to refer the potential allocation of an additional £20,000 to further extend the provision of Music Centre opportunities to enhance Option 2 (as set out in Appendix A) to the Council Budget meeting in March 2023;**
- (v) to instruct the Chief Education Officer to work with stakeholders to develop a strategic vision for the provision of Music across the city to inform next steps; and
- (vi) to instruct the Chief Education Officer to report back on progress within one calendar year.

Appendix A is available here

<http://councilcommittees/documents/s139853/Music%20Centre%20Appendix%20A.pdf>