

From mountain to sea

# **Aberdeenshire Council Strategic Assessment 2018/19**

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## Executive Summary

Councils throughout Scotland face a number of challenges, not least the requirement to deliver a wide range of services during a period of increasing demand and diminishing resources.

Transformational change is therefore becoming increasingly important in order to meet current and future challenges. These challenges may be catalogued under the general headings of *known* and *unknown* quantities. Prime among the former group is Aberdeenshire's changing demographics, with pressures likely to come from both ends of the age spectrum. Prime among the latter is the UK's decision to leave the European Union, which could have profound implications for local authorities, but the outcome of ongoing negotiations is far from certain. Changes to the education system and local governance also have the potential to significantly impact the role of Councils – but again the details have yet to be determined. Similarly, the general direction of travel for public sector organisations can leave considerable room for interpretation. The move to increase regional collaboration in the education sphere, for example, could presage a period of further amalgamation of local government services. It is therefore possible that regional partnerships will gain greater prominence in future, perhaps driven by budgetary considerations and common regional goals. Such a structural model will doubtless affect a number of services and work-streams within Aberdeenshire and beyond.

Regional partnerships, participatory budgeting, holistic planning, ever increasing community involvement – these themes are likely to gain traction in the years ahead as common challenges crystallise, shared goals emerge, and resources become scarcer.

The task of negating the impact of these challenges may be categorised generally as 'future proofing' the region, ensuring it remains relevant and prosperous in an increasingly global world. Among other things, this will involve harnessing the rich and manifold assets at our disposal in order to realise the region's global economic ambitions; ensuring health and social care services are delivered efficiently and to a high standard; and safeguarding the future of Aberdeenshire's children and young people – in short, it will involve the effectual delivery of the Council's eleven priorities, all of which are interlinked to a greater or lesser degree and tend towards realising the Council's vision as well as the Scottish Government's overarching purpose.

In many ways Aberdeenshire is in an enviable position. The Council's system of financial management appears robust and fit for purpose, a critical function given the current climate – and especially so considering the Scottish Government's practice of apportioning single-year settlements and Aberdeenshire's relatively low settlement per head of population. Robust financial management is therefore a valuable organisational asset, allowing it to deliver services within well-defined financial parameters. This is a credit to all stakeholders, not just those with a financial role. Other major assets for the region include, but are by no means limited to, the wherewithal of residents – relatively highly skilled, generally well paid, healthy, tolerant and peaceable – and the strengths of both the public and private sectors. These strengths will doubtless touch and positively affect the lives of residents and visitors alike.

Aberdeenshire, by any measure, offers an excellent quality of life, and opportunities abound. These are solid foundations on which to advance.

Each priority is summarised below:



## Support a strong, sustainable, diverse and successful economy

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- The North East of Scotland is among the most prosperous regions in the UK. Despite recent economic impediments, the long-term growth trend will likely continue over the forthcoming decade.
- The challenge for Aberdeenshire is to both support and develop traditional industries whilst encouraging innovation and diversification into new areas and to continue to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents. This entails, among other things, continuing to improve infrastructure (digital, transport and housing), and ensuring future skills requirements are met in an age of increasing automation.



## Have the best possible transport and digital links across our communities

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- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, good connectivity is essential. The Scottish Government has committed to developing and delivering world class digital infrastructure across Scotland by 2020. Current coverage is inadequate and digital providers appear reluctant to invest in the necessary infrastructure. It is clear that reliable digital infrastructure development in the North East will only be delivered through committed and coordinated partnership between public and private sector partnerships.
- Transport Infrastructure in Aberdeenshire is improving, the long awaited AWPR is due to open by summer 2019 and will significantly improve travel times for residents and businesses.



## Provide the best life chances for all our children and young people by raising levels of attainment and achievement

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- Levels of attainment are generally increasing across Aberdeenshire for both primary and secondary school pupils, and Aberdeenshire pupils tend to outperform their Scottish counterparts in terms of literacy and numeracy.
- An attainment gap exists within Aberdeenshire. However, that gap is narrowing.
- An increasing child population will put pressure on school rolls. Over-capacity issues will affect a number of schools throughout Aberdeenshire over the next few years. A number of promising initiatives/projects are underway to negate these developments, such as the community campuses at Peterhead and Inverurie.



## Work with parents and carers to support children through every stage of their development

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- Large scale changes to the childcare system in Scotland, namely the plan to almost double the level of childcare by 2020, while generally welcome, poses significant risks due to the scale of the challenges in finding a new workforce and ensuring facilities are appropriate and fit for purpose within the timeframe provided.
- Principles of the expansion centre on high-quality, accessible, affordable and flexible ELC provision. Consistent, flexible service provision may prove challenging in

remote and/or small communities, and in some cases will be more expensive to deliver.



### Encourage active lifestyles and promote well-being with a focus on obesity and mental health

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- There are health inequalities in Aberdeenshire, which, if left unchallenged, will present the NHS, H&SCP and the Council with significant challenges in future. To do nothing is not an option.
- Early intervention to tackle mental health issues can tackle problems earlier, be more cost effective in the long term. The support for people with mental health problems will need to come from a variety of sources – council, health services and youth justice.
- In 2010 it was suggested that 40% of the Scottish population could be classed as obese by 2030. Campaigns to get the population to be more active have not been very successful. This suggests that health improvement activities to reduce obesity need to be more targeted.



### Have the right mix of housing across all of Aberdeenshire

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- Housing has an important influence on poverty and health inequalities in Scotland through the effects of housing costs, housing quality, fuel poverty and the role of housing in community life.
- As Health and Social Care integration evolves with fully established partnerships, opportunities should emerge to enhance joint planning and delivery between Housing and the Partnership.
- The roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users.
- Most affordable housing in Aberdeenshire is provided through section 75 agreements with developers and any slowing of the build-out rate may make affordable housing targets difficult to deliver.



### Support the delivery of the Health and Social Care strategic plan

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- There is a need to reduce costs associated with delivering health and social care in Aberdeenshire. Increasing population and changes in household composition, workforce supply and the availability of financial resources will require transformation of Services. This will include delivering services digitally however the digital network is not currently capable of delivering the speed and reliability required.
- Working in partnership Aberdeenshire Health and Social Care partnership (AHSCP) and other Council Services are ideally placed to raise the profile of health and wellbeing. This can be in their own workplaces, communities and schools encouraging pupils and staff to overcome existing behaviours and choose healthier behaviours.
- Aberdeenshire Council's Housing Service is facing the same demographic challenges as AHSCP. They both have the same shared objective of increasing resilience and empowerment within the community.



### Work to reduce poverty and inequalities within our communities

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- Poverty rates in Scotland appear to be rising slowly along with income inequality after a decline following the recession.
- Aberdeenshire is often thought of as a region without poverty. Indeed, it includes two parliamentary constituencies with the lowest levels of child poverty in Scotland and the UK. However, there are pockets of poverty in Aberdeenshire leading to inequality for some people.
- Experiencing or growing up in poverty affects people's lifelong decision-making style. People living in poverty make decisions based on coping with present stressful circumstances often at the expense of future goals. This means that people may not reach their true potential and never climb out of poverty.



### Deliver responsible, long-term financial planning

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- Councils in Scotland received a further real-terms reduction in their funding from the Scottish Government in 2018/19, reflecting the overall trend and direction of travel. This is against the backdrop of increasing cost pressures, and, in the context of Aberdeenshire, a relatively low Settlement Grant per head of population. The greatest stress on future budgets (besides real terms reductions) will likely come from demographic changes.
- Single-year settlements remain challenging in terms of long-term financial planning.
- Checks and balances within the system locally appear robust and fit for purpose.



### Have the right people, in the right place, doing the right thing, at the right time

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- Aberdeenshire Council's recruitment and selection procedure provides a clear guide in order to ensure a consistent, high standard of recruitment and selection practice.
- Transformational change is increasingly important to councils as they seek to improve local outcomes with less money. Successful transformation requires robust planning, clear and coherent leadership and suitably skilled staff.



### Protect our special environment, including tackling climate change by reducing greenhouse gas emissions

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- Climate change action will require significant changes to organisational culture. It often has substantial staffing and financial demands which could impact on essential front line services.
- Aberdeenshire Council is in some respects leading the way in efforts to 'decarbonise', that is, to reduce CO<sub>2</sub> emissions. The Council was the first in Scotland to develop and approve a Carbon Budget process
- Further efforts are required in order to ensure carbon is being considered in all reports, proposals and projects so that the council's own reduction targets are met. Making the link to financial savings has and will continue to be key.



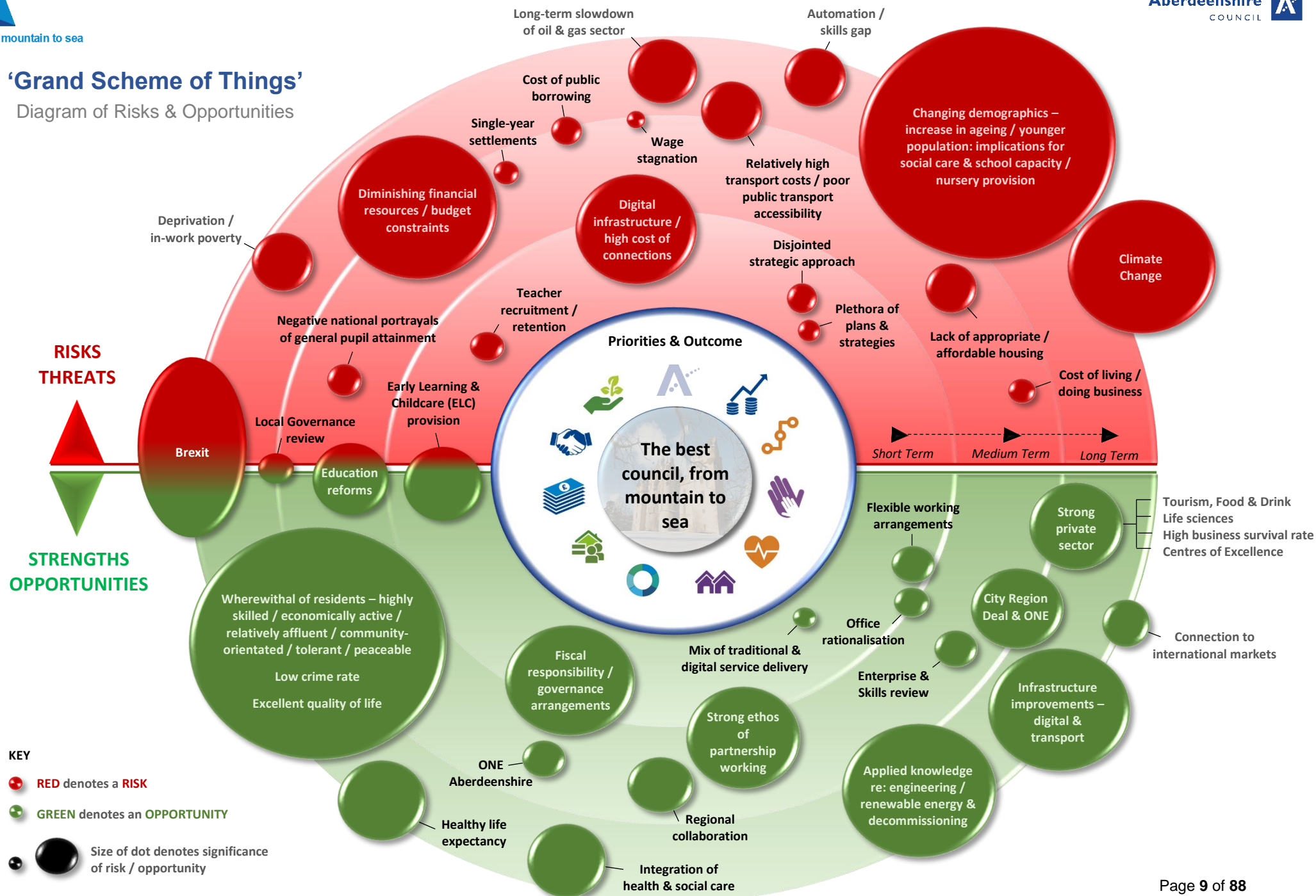
The diagram on the next page aims to succinctly present the major strengths/opportunities & risks/threats that will help/hinder the Council in achieving its vision of being the best council, from mountain to sea.

**Risks** are in the upper portion of the diagram, **opportunities** in the lower portion. The size of the circle denotes the significance of the respective risk/opportunity. The closer the circle is to the centre of the diagram, the more immediate the effect (i.e. inner red/green segment = short-term; outer red/green segment = long-term).



# 'Grand Scheme of Things'

Diagram of Risks & Opportunities





## Support a strong, sustainable, diverse and successful economy

### Key Judgements

- **The North East of Scotland is among the most prosperous regions in the UK.** The area has consistently experienced above average rates of population growth, business growth and enterprise growth compared to most major regions, and, despite recent economic impediments, the **long-term growth trend will likely continue over the forthcoming decade.** The wherewithal of residents – relatively highly-skilled, well paid, and economically active – and the strength of the public and private sectors **are major strengths for the region.**
- Over recent years the North East economy has been heavily influenced by the Production sector (predominantly oil & gas). **The prolonged low price of oil had a detrimental effect** in terms of jobs and wage growth – but there are signs the worst is over. Although diminished, the Production sector contributes significantly to Aberdeenshire's economy. The socio-economic consequences of lower oil prices demonstrated the **importance of economic diversification** to safeguard the region's economic health by ensuring it is not overly dependent on a single industry or market sector.
- **Aberdeenshire's ambitions are justifiably global in scope.** In keeping with one strand of Aberdeenshire's economic agenda (diversification), the region should seek to **attract sizable inward investment** over the coming years. Aberdeenshire Council's involvement in the Regional Inward Investment Hub as well as the renewed Energetica initiative (under the 'Invest Aberdeen' umbrella) should provide additional opportunities in that regard. Brexit may inhibit inward investment.
- The challenge for Aberdeenshire is to both **support and develop traditional industries whilst encouraging innovation and diversification** into new areas and to continue to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents<sup>1</sup>. This entails, among other things, **continuing to improve infrastructure (digital, transport and housing), and ensuring future skills requirements are met in an age of increasing automation.** The Regional Economic Strategy and various other policy frameworks, as well as activities under the remit of Opportunity North East (ONE), provide a solid foundation on which to advance. It is important that **strategic planning arrangements remain integrated and all relevant policies are closely aligned.**

### Assessment of Issues

#### 1. Economic Context

Despite Brexit uncertainty, Scotland's economy is expected to continue to grow in 2018, with stronger global growth and an improved outlook for the oil and gas sector helping to support this growth.

Nonetheless, in a continuation of recent trends, the UK's growth is expected to outpace that of Scotland over the foreseeable future.

The prolonged low price of oil between 2014 and 2016 took its toll on the North East region in a variety of ways. The economic fallout was relatively severe.



Local estimates suggest approximately 30,000 **jobs were lost** as a result<sup>2</sup>. The global phenomenon also negatively affected productivity in the region.

More recent risks to the world economy centre on America's apparent protectionist policies and the potential for a global trade war to develop. The damage from trade wars will depend on the scale of tariffs and retaliatory measures, but it might also harm the global economy by denting investors' confidence.

## 2. Local Economic Context

Global risks notwithstanding, economic activity in Aberdeenshire remains high relative to most other areas in the UK; the workforce is relatively highly skilled and well paid despite a flattening of wage levels over recent years; and Gross Value Added (GVA)<sup>1</sup> equated to approximately £7 billion in 2016<sup>3</sup> (5% of Scotland's total – or 13% if combined with Aberdeen City).

**That £7 billion figure places Aberdeenshire in the top 15% in the UK,** ahead of places like Oxford and Cambridge and a number of local authorities in the south east of England<sup>4</sup>. (Aberdeen City itself is just outside the top 5% in the country.)

Although Aberdeenshire's GVA reduced slightly relative to the previous year, there is little to suggest the situation will materially worsen in future. On the contrary, between 2016 and 2024, **North East GVA is expected to grow faster than the Scottish rate**, making the region the 3<sup>rd</sup> largest contributor to the national economy by the end of the forecast period<sup>5</sup>.

Jobs, too, are expected to grow, albeit at a moderate pace (0.3% per year over the next decade).

While generally positive, **certain sections of society will not materially benefit from this increase in wealth.**

Approximately 6% of Aberdeenshire's working age population is income deprived<sup>6</sup>. Although this is one of the lowest rates in the country, it reaches as

high as 25% in some areas - or almost double the national average. In terms of the Living Wage, a greater proportion of Aberdeenshire employees earn less than their Scottish counterparts (23.6% in Aberdeenshire *versus* 18.4% for Scotland)<sup>7</sup>. The increased cost of living may exacerbate the situation for such individuals. Preventing the spread of economic deprivation, tackling inequality, implementing effective regeneration initiatives, and ensuring future skills requirements are met – whilst **diversifying the economy** – are therefore critical to Aberdeenshire's long-term success.

Locality Plans and activities associated with the LOIP will have a role to play, alongside more general strategies dealing with education, skills and the economy.

## 3. Policy Context

The Scottish Economic Strategy 2015 sets out the framework for the development of the Scottish economy. Developing the Young Workforce and the International Strategy bring the economic development policy objectives together<sup>8</sup>.

These national priorities are underpinned by a number of public sector plans, including a regional skills strategy, transport strategy and sector strategies in food and drink and tourism<sup>9</sup>.

The policy landscape is arguably relatively complex. This can lead to a disjointed operational approach. Adopting a strategic, integrated approach to planning and execution should therefore prevent such disjointed methods from materialising.

Aberdeenshire may have negated the challenges posed by such complexity by outlining its general approach to economic development in a single document – **the Regional Economic Strategy**.

## 4. Regional Economic Strategy

Aberdeenshire's economic ambitions are **global in scope**. The vision for Aberdeen City and Aberdeenshire in the Regional Economic Strategy (2015) is to be recognised as one of the most **robust and resilient economies in Europe** with a

<sup>1</sup> Gross Value Added (GVA) is the total value of goods and services produced in a particular region.

reputation for opportunity, enterprise, and inventiveness that will attract and retain world-class talent of all ages<sup>10</sup>. It aims to capitalise on the broader foundations of the economy and focus on developing activity in key sectors, **diversifying** within them and into new markets through investment across four key areas: infrastructure; innovation; inclusive economic growth; and internationalisation.

Activities generally fall under the remit of the Aberdeen City Region Deal (CRD) and Opportunity North East (ONE), and are augmented by the various undertakings contained in the Regional Economic Strategy and the Local Development Plan (LDP) 2017<sup>11</sup>.

The RES's Action Plan is currently being updated to take account of progress and new policies. CPP partners were asked to comment during May 2017.

The changes were reported to Opportunity North East's Board (Regional Advisory Board) on 29th May for approval before moving to production and onward reporting to both Aberdeenshire and Aberdeen City Council committees.

Finance and investment are key to realising Aberdeenshire's global ambitions. Aberdeenshire's recent involvement in the **Regional Inward Investment Hub** should prove economically beneficial to the area and help drive the diversification agenda forward. The same may be said of the renewed Energetica initiative, now under the umbrella of Invest Aberdeen. The initiative will place a greater focus on inward investment in future.

Aberdeenshire's global ambitions coincide with plans for a Scottish Government-owned bank, potentially in operation by 2020, with capital of £2 billion (1.3% of Scotland's GDP). Although there are other sources of public funding currently available, the bank's 'patient capital' ethos is designed to boost business investment and innovation and support Scotland's long term growth ambitions<sup>12</sup>.

As well as providing loans of between £1 million and £10 million to SME's, the bank may help fund projects that aim to promote

innovation to tackle 'grand challenges' such as decarbonisation or artificial intelligence<sup>13</sup>.

**Aberdeenshire should seek to be at the forefront of addressing such global challenges** in conjunction with Aberdeen City and other like-minded regions and/or organisations. General economic dynamism may of itself precipitate inward investment and create a 'virtuous circle' of economic growth.

## 5. Infrastructure

Aberdeenshire requires **first class infrastructure** in order remain an attractive place in which to live, work and invest. Improving the region's connectivity (transport and digital), boosting innovation, developing affordable housing, and expanding harbour areas are crucial to the region's competitiveness and long-term economic wellbeing.

The Council and other bodies are progressing a number of projects and initiatives on this front including, among other things, **enhancing the transport system**: from roads to railways to ports. The latest Investment Tracker from Aberdeen & Grampian Chamber of Commerce (Sep 2017) shows committed investments amount to £8.9+ billion<sup>14</sup>.

There is a social imperative at work here too. Connected and Cohesive Communities is one of three priorities of the Community Planning Partnership. This priority is based on a recognition that whilst access to transport is critical, transport is an *enabler* for the delivery of a range of key outcomes. Quite apart from economic considerations, a lack of mobility is inextricably linked to social disadvantage and exclusion<sup>15</sup>.

Some of the major initiatives in the transport sphere include the AWPR and improvements to various transport corridors, primarily in the north and west of Aberdeenshire, e.g. the duelling of the A96. Improvements to the rail network are also ongoing, e.g. Kintore and Insch railway stations, the Aberdeen to Inverness route, the dualling of the Aberdeen to Inverurie line, as well as the Aberdeen-to-Central





Belt rail route<sup>16</sup>. Additional projects include the redevelopment of harbour areas in Aberdeen, Peterhead and potentially Fraserburgh<sup>17</sup>.

## 6. Digital Technology

Digital technology is at the heart of daily life and continues to have an **unprecedented impact on the wider economy**.

Although the situation in Aberdeenshire has improved over recent years, **digital coverage is inadequate for an ambitious, forward-thinking and business-friendly region**. Ultrafast broadband is virtually non-existent in Aberdeenshire and the North East generally, albeit a similar story may be said of most regions in Scotland.

Ultrafast broadband to mobile masts will likely improve mobile coverage, an important consideration in an increasingly mobile world – nearly 95% of adults in the UK own a mobile phone, smartphones have overtaken laptops as internet users' device of choice, and there are now more mobile devices than people<sup>18</sup>.

The roll-out, quality, and coverage of 4G and 5G mobile phone services will be enhanced if the mobile network operators are able to access high bandwidth, ultrafast infrastructure, with 5G services being strongly reliant on fibre for delivery<sup>19</sup>.

Reliable digital infrastructure can **reduce costs and enhance revenues** for businesses, promote flexible and remote working, and has important inclusion impacts, presenting opportunities for those located in more remote locations.

World class digital infrastructure is also fundamental to the Aberdeen City Region Deal (CRD) in supporting the delivery of the objectives of the Oil and Gas Technology Centre and the export and internationalisation aspirations of the sector, as well as facilitating the effectiveness of the Hubs for Innovation in Life Sciences and Food and Drink<sup>20</sup>.

Plans to provide ultrafast connectivity for business premises should also lay the 'vital spines' for residential superfast connections in the Aberdeen CRD zone

(effectively the Aberdeen Housing Market Area)<sup>21</sup>.

Failure to support the development of ultrafast infrastructure will likely result in a **market failure situation**. It will increase delivery costs for public bodies, inhibit business competitiveness, and diminish the attractiveness of Aberdeenshire as a place in which to live, work, and invest at regional, national, and international levels – critical elements to consider in what is increasingly a global economy<sup>22</sup>.

## Forward Look

### 7. Brexit

The role that Brexit will play in the social and economic fate of Aberdeenshire is by no means clear. Myriad rights and laws have been created by EU membership over the 40 years the UK has been a member. Over the longer term (15+ years), many economists have predicted that the decision to leave the EU will damage trade, labour mobility, and investment.

A recent Scottish Government report projects Scotland's **GDP in a 'no-deal' scenario will be reduced by £16 billion**, with real household incomes set to fall by 9.6% or £2,263 per head<sup>23</sup>.

An independent study concluded that leaving the Single Market and Customs Union poses a **'serious risk' to Scottish farming**<sup>24</sup>. Under three post-Brexit trading scenarios, Scotland's Rural College found that Scotland's farmers will be worse off compared to the current trade arrangement, with some or all producers facing lower returns<sup>25</sup>.

Agriculture is an important sector for the area. The North East accounts for 20% of Scotland's agricultural output<sup>26</sup>, and approximately 3,000 people in Aberdeenshire (2.2% of all employees) are employed in the "skilled agricultural and related trades" industry.

Brexit could also potentially increase supply chain and development costs which will affect both housing development and much of the wider capital programme.



Any economic benefits that Brexit might bring are as yet unclear and by no means certain. A degree of clarity is provided through Aberdeenshire Council's Economic Development team, which disseminates information and analyses on a variety of EU-related developments.

From an economic perspective, the team highlight the following high-level risks and opportunities that Brexit currently poses:

### Risks:

- **Economic Uncertainty** – as the trading relationship between the UK and the rest of the world is being negotiated, businesses may delay making longer-term investment decisions until the future relationship is clearer.
- **Status of European Economic Area (EEA) Nationals** – until EEA nationals have a formal 'settled' status and a clear process to follow to apply for residency, many will feel insecure. Key economic sectors in Aberdeenshire are heavily reliant on EEA nationals for labour, such as fish processing, hospitality, agriculture and the public sector. There is a risk that current EEA residents will leave due to a lack of formal status and that tougher immigration rules may restrict the availability of workers in the future.
- **Loss of access to European Funding programmes** – Aberdeenshire Council presently manages over £11m of European Union funding, the majority of which is allocated to communities, businesses and charities for projects. In addition to this, the agriculture and fisheries sectors benefit from Single Farm Payments, Rural Development funding and the European Maritime and Fisheries Fund respectively. It is presently unclear what funding programmes – if any – will replace these post-Brexit. There are also a number of Europe-wide programmes for research, transnational co-operation and education which the UK may or may not choose to opt into.
- **Exchange rates** – The fall in the value of Sterling after the Brexit referendum has improved exporters' competitiveness and provided an opportunity for UK businesses to displace (more expensive) goods and

services from abroad. However, the UK remains a major importer and increased costs have resulted in higher inflation. The picture for future exchange rates is not clear – but they will be highly significant and could be more volatile. The Bank of England has intimated it may raise rates faster than the market previously forecasted.

- **Tariffs and 'Frictionless' Borders** – Depending on the type of trade deal agreed between the UK and EU, red meat exports, especially lamb to France, could be vulnerable to high tariffs. Seafood exports are highly perishable and could be vulnerable to extended border inspections.

### Opportunities:

- **Potential increased fishing resources** – with the UK withdrawing from the Common Fisheries Policy, there is an opportunity to renegotiate fish quotas and access to UK territorial waters. This may lead to an increase in fishing opportunities for UK vessels at the end of the Brexit transition period (unlikely before then).
- **Modernisation** – a number of sectors, particularly agriculture and fisheries, may need to adapt and modernise as they are no longer regulated by EU-wide policies and may lose access to labour. Agriculture is particularly reliant on CAP payments. While the UK Government has provided guarantees that agricultural support payments will continue until around 2022, a stronger focus on environmental targets seems likely. Currently, Scotland receives 16% of the UK's Pillar 1 budget. If future payments are based on the Barnett formula, Scotland's share (of what is likely to be a smaller 'cake') will drop to around 8%. This may lead to structural reform, a stronger focus on innovation, improved efficiency and profitability and could potentially create opportunities for new entrants and a more market-facing and diversified approach to farm business management.
- **National development funding programmes** – national funding could be allocated to national programmes which replace EU funding. There are opportunities to better align funds with local needs and reduce the administrative

complexity and bureaucracy of funding programme.

- **Regulation** – The UK seems likely to adopt EU standards to facilitate trade in food and other products after Brexit. There are suggestions that the current, onerous EU audit and inspection regimes (and non-compliance penalties) may be replaced by a more proportionate approach.

## 8. **General Economic Opportunities**

On top of the opportunity represented by continued oil and gas production, the deep pool of applied science and engineering expertise in the region is well placed to capitalise on a number of **emerging complementary opportunities**.

Many opportunities will have strategic value to both Scotland and the UK, including: renewable energy, decommissioning, unconventional oil & gas, global export of oilfield services, energy Research & Development (R&D), particularly that which focuses on scale-up and translational research; and the wider knowledge economy, for example life sciences, food and drink, agriculture and tourism.

In terms of tourism specifically, over 1.3 million people visited Aberdeenshire and Aberdeen City in 2016, generating 'visitor spend' of £337m. Approximately 22% of visitors were from overseas and 36% stated 'History and Culture' as their reason for visiting.

A refresh of the 2013 Aberdeen City and Shire Tourism Strategy was commissioned by VisitAberdeenshire's new CEO in October 2017. The new draft strategy is available online<sup>27</sup>.

With 120 businesses in Aberdeenshire and Aberdeen now accredited with World Host recognition, **the region has achieved 'Destination Status'**.<sup>28</sup>

There is therefore a real opportunity for cultural activities to contribute to Cultural Tourism in the North East<sup>29</sup>.

Aberdeenshire Council's new Cultural Strategy 2018-2028 and the new Aberdeen City and Shire Tourism Strategy should drive the agenda forward to the benefit of

the regional economy as well as residents and visitors alike.

## 9. **Changes to the Planning System**

The Planning (Scotland) Bill proposes to significantly change the Scottish planning system and may ultimately have consequences for the economy as a whole.

Council officers have stated the Bill contains few surprises and the Council's position is that, overall, it will produce a balanced planning system<sup>30</sup>.

Certain provisions, however, have raised concern. For example, the proposed removal of Strategic Development Plans from the Development Plan system, and the enhanced role of the National Planning Framework. These developments suggest a move to centralise a number of aspects of the planning process<sup>31</sup>. Consequently, local authorities may in future exercise less control over the planning process.

## 10. **Decarbonisation Agenda**

Global governments are beginning to prioritise 'decarbonisation', that is, a reduction in carbon dioxide (CO<sub>2</sub>) emissions. The Scottish Government's Programme for Government 2017/18 sets out a commitment to decarbonise the economy. The associated targets are ambitious with an emissions reduction target of 80% by 2032<sup>32</sup>.

The proposals in the Climate Change Bill and other environmental policies will have a profound effect on the way organisations – both public and private – operate.

Businesses and business models will have to change significantly to attain the required reduction in emissions.

Transitioning to a low carbon economy will inevitably incur significant costs, at least initially. Some traditional industries may require substantial support to make the required changes, and some may be unwilling or unable to make the transition.

Buildings will have to become more energy efficient, with embedded renewable generation where possible. Travel and transport will become de-carbonised with greatly increased numbers of electric vehicles and renewables feeding into the

grid. Commuting patterns will change as 'smart' working practices become the norm. These changes open up opportunities for new technologies and industries, together with service industries, to manage and support the transition. Some changes may be incremental and imperceptible but many changes will be significant and disruptive if the challenging targets are to be met<sup>33</sup>.

Regional businesses, public sector organisations, and individuals must therefore work together to mitigate against climate change emissions and adapt to foreseeable impacts<sup>34</sup>. In many ways, Aberdeenshire Council is leading the way in efforts to decarbonise through the Carbon Budget process.

## 11. Future Skills Requirements

**Oil & Gas:** The oil and gas industry remains a hugely valuable asset to the UK, currently employing and supporting around 1 out of every 100 jobs in the UK<sup>35</sup>. There are still up to an estimated 20 billion barrels of remaining hydrocarbons to be recovered. However, these will become increasingly more challenging to extract.

A report<sup>36</sup> into UK oil and gas workforce dynamics stated the existing UKCS workforce is likely to continue to decline from the 2017 baseline of 170,000, with the overall number of people expected to reduce to around 130,000 in line with production, ongoing decommissioning activities and investment.

The sector will likely need to recruit over 40,000 people between 2018 and 2035 to offset natural attrition and to ensure it can support Vision 2035 and the broader energy diversification agenda. This includes 10,000 new posts in areas such as data science, data analytics, robotics, material science, change management and remote operations.

With over 40,000 people potentially entering the industry over the next 20 years and with a substantial proportion of the workforce to be up-skilled, there is a critical role for training providers, vocational institutes and universities to help future-proof the sector and to ensure the UK

retains its reputation as a leading energy basin in the world.

**Health & Social Care:** There is a need to prepare **for increased demand for workers in the Health & Social Care sector**. Currently, this sector is the fifth largest in the area, accounting for 11,000 jobs (9% of total employment), and is forecast to increase by 2027. It is likely that demand in this sector will increase over the coming years, given the expansion of free early learning and childcare. This is likely to have significant implications for the sectoral workforce, with increased demand for nurseries, day care facilities and childminders across Aberdeenshire.

**Manufacturing:** Conversely, total employment within the Manufacturing and the Primary industries is projected to decrease between now and 2027. These sectors account for a combined 24% of total employment across Aberdeenshire and a similar proportion of total GVA in the area – some £1.72 billion.

**Any technological advances or increases in automation may impact the Manufacturing sector in particular**, potentially having a further negative impact on employment. **Low-skilled jobs are also at risk from automation.**

Many jobs within the wholesale and retail sector are categorised as 'low-skilled' (75% are in SOC 7-9 occupations). This sector is the 2<sup>nd</sup> largest in Aberdeenshire and is forecast to account for 17,000 jobs by 2027 (13% of total employment). Therefore, a significant proportion of jobs within Aberdeenshire may be at risk of automation in future.

However, large-scale automation will take years before it's *fully* embedded in the business practices of local enterprises. Technical, economic, and social factors will determine the pace and extent of automation, e.g. technical feasibility, the cost of technology, competition with labour including skills and supply and demand dynamics, performance benefits (including but not limited to labour cost savings), and social and regulatory acceptance.



## 12. Automation

The word 'robot' was first coined in a 1920 play about factory androids that each do the work of two-and-a-half humans at the fraction of the cost. Science fiction has since become business fact: robots are common place in manufacturing, and algorithms are playing an ever-larger role in companies from the Royal Mail to Amazon<sup>37</sup>.

Robots could soon be working autonomously alongside humans on a North Sea platform as part of a world-first project from the Oil & Gas Technology Centre. The landmark project could start a revolution in robotics offshore leading to improvements in safety, productivity enhancements, and cost reductions<sup>38</sup>.

For business, the performance benefits of automation are relatively clear, but the issues are more complicated for policy-makers. Policy-makers will doubtless embrace the opportunity for their respective economies to benefit from the productivity growth potential; and they will likely put in place policies to encourage investment and market incentives to encourage continued progress and innovation.

At the same time, policy-makers must evolve and innovate policies that help workers and institutions adapt to the impact on employment. This will likely include rethinking education and training, income support and safety nets, as well as transition support for those dislocated by the changing nature of employment.

Individuals in the workplace will need to engage more comprehensively with machines as part of their everyday activities, and acquire new skills that will be in demand in the new automation age. Aberdeenshire Council is currently gauging digital skills within the organisation and will take appropriate action on the back of the results.

Although Aberdeenshire is in some respects vulnerable to increasing automation given the current dynamics of the jobs market, the area is also well

positioned. **Digital infrastructure and associated skills will be a key area for the region** given its global economic ambitions.





## Statistical Overview – Selection of Latest Data

### Economically Active

**84.1%** – higher than Scotland's rate (77.3%), the UK's (78.1%), and Aberdeenshire's long-term average (82.7%).

### Unemployment

**1.2%** – a low figure nationally but higher than the 0.6% figure attained at peak oil prices. However, it's lower than the Shire's long-term average (1.6%).

### Gross Weekly Wages

**£566** – a 0.7% fall year-on-year and the lowest figure since 2012. Meanwhile wages in Scotland and the UK have continued to rise.

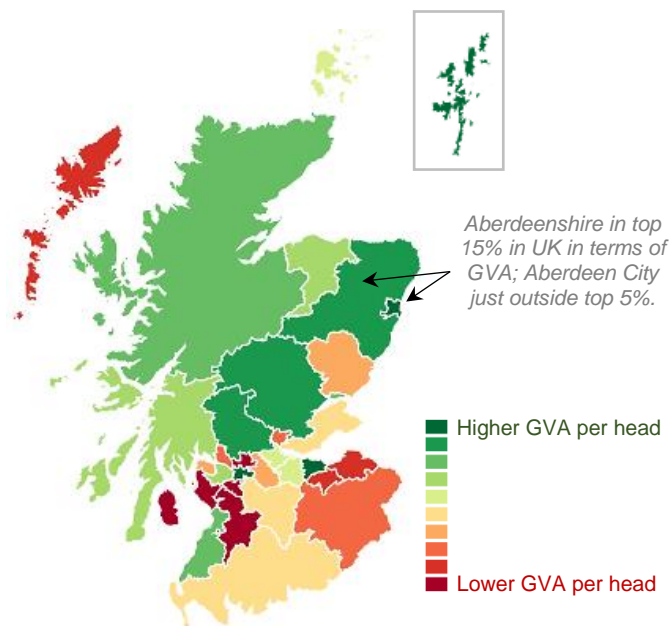
### Active Enterprises

**13,995** – an increase of approximately 2,000 enterprises since 2010 but a slight decrease (1%) from the peak in 2016.

### Business Survival

**70.5%** of Shire businesses survive – a reduction on the longer term average (72.4%) but higher than the national rate (62.0%).

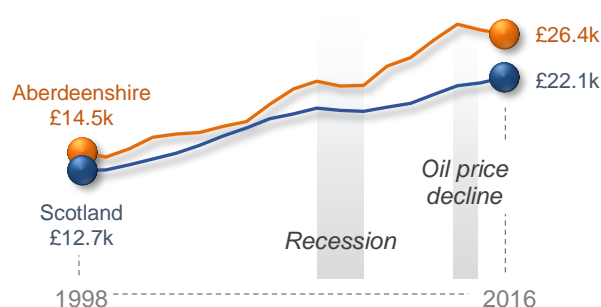
### Gross Value Added per Head of Population (£), 2016



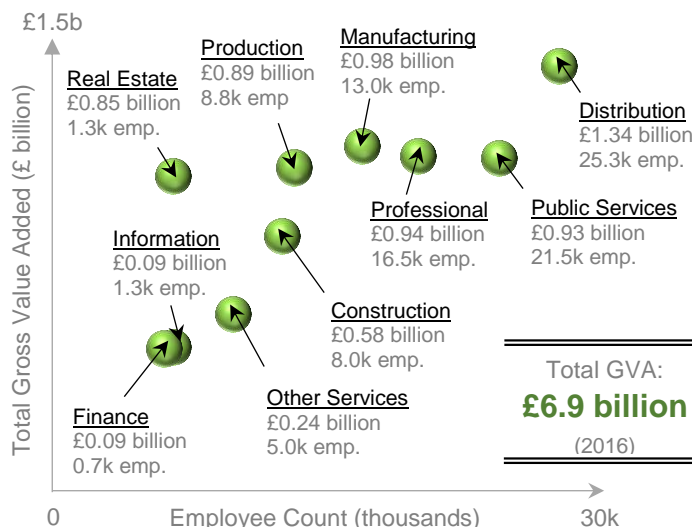
### Top 5 Local Authorities in Scotland, 2016

Local Authority	GVA per Head	% change since 1998	% change since 2015
Aberdeen City	£46,151	+ 90.8%	- 1.9%
City of Edinburgh	£39,321	+ 94.4%	+ 2.9%
Glasgow City	£33,120	+ 82.5%	+ 2.0%
Shetland Islands	£29,027	+ 66.8%	+ 0.8%
Aberdeenshire	£26,433	+ 82.1%	- 1.5%

### Gross Value Added per Head of Population (£) 1998-2016



### Total Gross Value Added (£m) and Employee Count ("emp.") per Industry, Aberdeenshire, 2016



### Commentary

Aberdeenshire's economy is healthy relative to most other areas in Scotland, especially when viewed in tandem with Aberdeen City – both areas feature in the top 5 in Scotland in terms of the latest Gross Value Added (GVA) figures per head of population (2016), north east residents are relatively well paid, and a higher-than-average proportion are economically active.

However, wage growth has lagged behind other areas in the UK over recent years, and, in terms of GVA, Aberdeenshire's growth rate per head since 1998, although higher than the Scottish average, hasn't kept pace with the country's top performers. This latter development may be in part be due to Aberdeenshire's higher rate of population growth, which is expected to continue apace over the next couple of decades. The 1.5% GVA reduction between 2015 and 2016 is due to a combination of Aberdeenshire's population growth and, more significantly, a reduction in the total value of goods and services produced in the region.

Nevertheless, GVA of £6.9 billion puts Aberdeenshire in the top 15% of local authorities in the UK. Most local authorities ranking above Aberdeenshire are located in either London or the South East of England. (Aberdeen City is just outside the top 5% in the UK with GVA of £12.4 billion.)

The Production industry (agriculture, oil & gas, etc.) has been displaced by the Distribution industry (retail, accommodation & food, etc.) as the most significant industry in Aberdeenshire's economy. Distribution accounted for £1.34 billion GVA in 2016 and employed over 25,000 people. Other industries making up the top 5 are: Public Services, the Professional industry (engineering, architecture, legal, etc.), Manufacturing, and Production.





2



## Have the best possible transport and digital links across our communities

### Key Judgements

- **Improving the region's connectivity (both transport and digital), will enable residents to have choices** about how they move around, access facilities and live sustainable healthy lives. It supports the 'open for business message' and encourages people to move to Aberdeenshire for work and leisure opportunities. It is critical to the long-term wellbeing of the region.
- **Embracing Digital will be key to the transformation of AHSCP** with technology being used to deliver a step change as a cost-effective support, embracing smart sensor technology and consumer devices, remote monitoring and mobile health and care monitoring nationally.
- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, good connectivity is essential. The Scottish Government has committed to developing and delivering world class digital infrastructure across Scotland by 2020. **Current coverage is inadequate and digital providers appear reluctant to invest in the necessary infrastructure.** It is clear that reliable digital infrastructure development in the North East will only be **delivered through committed and coordinated partnership between public and private sector partnerships.**
- **Transport Infrastructure in Aberdeenshire is improving, the long awaited AWPR is due to open by summer 2019 and will significantly improve travel times for residents and businesses.** As noted in the previous section there are infrastructure upgrades and improvement projects planned over the next decade that will benefit the region.

### Assessment of Issues

#### 1. Geographic Access

Aberdeenshire generally compares favourably relative to other areas in Scotland with regards to the SIMD 2016 domains<sup>39</sup>. The only exception being geographical access to services. Aberdeenshire is among the most geographically deprived areas in Scotland with almost 46% of its Data Zones in the bottom quartile nationally. SIMD is a relative tool - it identifies deprivation but cannot measure it. Because it is an index it provides a scale of deprivation and tells us that one area is more or less deprived than another. Geographic access may become more of an issue with an ageing

population if it leads to a feeling of isolation.

Geographic Deprivation is based on public transport journey times or drive times to various key locations e.g. GP surgery, post office, schools, petrol station and shops. Aberdeenshire's drive times, although relatively higher than most other areas in Scotland, do not differ markedly.

The difference between the average drive time for all private car journeys, for instance, is just 3.58 minutes longer than the shortest equivalent time for an Intermediate Zone in Scotland, and just over 10 minutes longer for journeys via public transport. The actual drive times on



which this indicator is based are tightly bunched meaning a minute on a journey can propel a Data Zone quite considerably up or down the national rankings.

Aberdeenshire's journey times per square mile are lower than the Scottish average. This suggests Aberdeenshire's infrastructure and the positioning of various key destinations, is relatively appropriate considering the size of the area, and therefore residents are generally well served.

However, the picture could change depending on the viability of the various key destinations, and whether they remain open. It is also the case some 'very rural' residents will experience far longer journey times than the average for either Aberdeenshire or the respective Intermediate Zone in which they reside.

It should be noted that geographic deprivation does not necessarily translate into overall deprivation. Although remote in SIMD terms, a large proportion of those in the most geographically deprived areas tend to experience some of the best outcomes in the country, particularly in relation to health, income, and employment.

## 2. Air Transport

There is a regional airport at Dyce on the outskirts of Aberdeen City currently offering flights to 50 destinations (down 4 from a year ago). A key location for business leaders is London which is served by 95 flights a week. Flights to Frankfurt and Reykjavik have ceased and been replaced by more holiday destinations.

After a period of lower passenger numbers the airport saw an increase of 6.4%<sup>40</sup> in January 2018 compared with the same month in 2017 with over 220,427 passengers travelling from the transport hub. Domestic and international traffic was up 8.8% and 10.8% respectively mainly due to demand for holiday destinations. However helicopter traffic has seen a decrease of 11.64% in December 2017 with offshore workers flying to Wick and

Sumburgh to connect offshore via helicopter.

Some of this can be ascribed to the downturn in the oil industry. Before that Aberdeen was one of the fastest growing UK airports outside of London and the third busiest in Scotland experiencing a growth in passenger numbers of 22% (double the UK average) since 2005. It is the gateway to international hubs in London, Paris and Amsterdam, providing access to long haulage flights and is extremely important to the area in terms of encouraging economic growth to the area. The airport is continuing to invest heavily in the terminal and the second phase is due to be completed later in 2018.

## 3. Ports and Harbours

Peterhead Harbour is undergoing major redevelopment to secure its viability for years to come. The new fish market building is due to open in June 2018. The recently completed strengthening works have futureproofed Peterhead Port<sup>41</sup> as one of the leading fishing ports in Europe.

Aberdeen Harbour is one of the UKs busiest ports providing:

- access for cruise ships;
- forest product exports;
- agricultural products and supplies, International exports of oilfield equipment; and
- freight, vehicle, livestock and passenger access to the Northern Isles.

Its contribution to the local economy has been estimated at £1.5 billion GVA. The Harbour is currently being extended to provide a facility for oil industry decommissioning work and to attract cruise ships (due to be completed 2020). Aberdeenshire has the skills and tourist attractions to benefit from this investment.

The Council is working with partners such as Visit Aberdeenshire and transport operators focusing on potential transport issues and assisting tourism businesses in the area to become more competitive in the market place.



#### 4. Railways

There are eight train stations in the North East of Scotland. Six in Aberdeenshire and two in Aberdeen. Since 2010 the number of passengers had steadily increased however following the downturn in the oil industry numbers decreased. In 2016/17 there were 651,752<sup>42</sup> fewer journeys, a decrease of 11.7% on the previous year due in part to the downturn in oil and gas.

Passenger numbers still suggest that there is an appetite for rail transport. An additional station is to be built at Kintore, a popular commuter town. A formal planning application for the infrastructure that will support the station will be lodged shortly including pedestrian and cycle paths. The new station will reopen to passenger services in late 2019.

The Aberdeen to Inverness line is approximately 108 miles long and is primarily single track with some passing loops. The long journey times (2hrs 25mins) and irregular service (every 2hrs) mean that it does not offer an attractive alternative to road travel. Network Rail is improving the line between Aberdeen and Inverness but only by incremental changes<sup>43</sup> and a timescale of 2030 for the whole project.

#### 5. Roads

The two trunk roads in Aberdeenshire are the A90 Edinburgh to Fraserburgh road and the A96 Aberdeen – Inverness road. There are plans for a £300 million project to upgrade the remaining 86 miles of the A96 between Inverurie and Inverness to dual carriageway by 2030 which will along with the Aberdeen Western Peripheral Route/Balmedie - Tipperty (AWPR/B-T) reduce travel times across the region. .

The AWPR/B-T is a major transport infrastructure project of a size normally associated with the Central Belt. It will divert traffic that would normally travel through Aberdeen around its boundaries on a new 36 mile long road following completion in the first half of 2019. The road will significantly improve travel times in and across Aberdeenshire.

#### 6. Bus (Public) Transport

Travel by rail is still too expensive for low paid workers so bus services are the main form of travel for those who have no access to cars. The Scottish Access to Bus Indicator (SABI)<sup>44</sup> provides an objective measure of accessibility to public transport by bus in Scotland by weekday and weekend services. In terms of bus accessibility Aberdeenshire generally compares poorly to Scotland as a whole. Only four local authorities in Scotland recorded a lower average score than Aberdeenshire. A similar situation arises when comparing Aberdeenshire Council to local authority areas that share similar urban/rural characteristics, that is, Aberdeenshire generally ranks poorly relative to these areas.

Bus accessibility scores are higher in Aberdeenshire's urban areas. The highest scores relate to Fraserburgh Central, Inverurie South and Peterhead Harbour – but these areas barely fall within the top 40% in Scotland. Four of Aberdeenshire's Intermediate Zones feature in the bottom 25 in Scotland for Bus Accessibility, that is, they are among the least accessible in terms of bus services in the whole of Scotland.

New figures show the number of paying passengers in Aberdeenshire fell 35% between 2009 and 2017. Only 5% of Aberdeenshire residents got to and from work by bus in the area, compared with 11% in Aberdeen and 27% in Edinburgh<sup>45</sup>.

Aberdeenshire Council is seeking to arrest the decline in bus passenger numbers seen over the past five years by collectively working with bus operators and transport authorities.

For the most recent year data is available (2016) 91.2% of households have access to one car or more<sup>46</sup> and 8.7% are without access to a car. Costs associated with public transport are expensive<sup>47</sup> (around 14% of household spending

People on low incomes are less likely to own or use a car and when taken into consideration with accessibility and insufficient provision of cycle paths may



be more restricted on employment and education choices. Unable to access public transport some households may be forced to use a car which could put them into fuel poverty.

## 7. Active Travel

The Council is supporting more sustainable and active travel by working with communities and partners to provide fully integrated and sustainable transport leading to improved opportunities for walking, cycling, public transport use and more efficient vehicle use. The integrated travel town (ITT) projects mentioned above have a particular focus on supporting smarter and active travel – one of the priorities in the Council's Smarter Travel Action Plan.

Key to the project has been identifying barriers to active and sustainable transport e.g. cycling - perceptions of safety, distance and weather; lack of information; lack of cycle routes and poor cycle skills. Externally there has been a revival of cycling nationally at recreational, tourism and commuting levels and the ITT is building on this. The opportunity to address these barriers and deliver more active and healthier communities should be explored along with other initiatives to encourage active lifestyles.

There are other work improvement works planned or in the pipeline for Aberdeenshire which have the potential to improve road safety and possibly increase rail use through integrated travel. The council is working with five towns in Aberdeenshire (Peterhead, Huntly, Inverurie, Ellon and Portlethen) to deliver the infrastructure designed to support more active and integrated travel.

## 8. Digital Overview

Aberdeenshire is generally not as 'well connected' as other parts of Scotland<sup>48</sup>. It ranks relatively poorly in relation to a selection of indicators relating to digital connectivity, both in the context of a group of peer local authorities and Scotland as a whole. This is particularly the case in relation to upload/download speeds – even for households with access to superfast broadband.

Some of the fastest download speeds in Aberdeenshire are found in Blackburn, Fraserburgh, Peterhead, Ellon, Banchory, Stonehaven and Westhill. However, even these areas don't match the average median speed for Scotland as a whole.

A considerable disparity exists between Aberdeenshire's fastest and slowest areas in terms of download speeds. During June 2017, households in Blackburn recorded download speeds up to 5 times faster than those in Clashindarroch. This despite the fact that, compared to higher speed areas, a relatively high percentage of households in Blackburn did not have access to superfast broadband (19% versus an average of 11% for higher speed areas).

Disparities exist within towns themselves. In Peterhead, for example, the Peterhead Harbour Intermediate Zone experiences almost double the download speed as Peterhead Ugieside. And Westhill North and South experienced significantly slower speeds than Westhill Central.

Download speeds are correlated to data usage. The higher the median download speed, the more data downloaded per household. An inference that may be drawn from this is: people are more likely to use the internet if download speeds are higher.

Aberdeenshire Council, the Health and Social Care partnership, Scottish Government and other public sector bodies have committed to transforming service delivery by embedding digital ways of working within the public sector – **digital by default**. The main driver behind this is financial, however digital technology is at the heart of daily life and continues to have an unprecedented impact on the wider economy through innovating household activities, education, employment, and public services.

To deliver the services electronically, the end user (public sector, residents, partners, businesses) need an infrastructure capable of supporting the necessary services. Farmers are particularly dependent on the availability and access to good quality broadband





services; home working is an option particularly suited to those who live in the more rural areas; social care workers able to access mobile devices; fast and reliable online booking systems to list but a few.

There is potential for the care sector (Housing) to use digital to support greater independent living. Scotland's Digital Health & Care Strategy<sup>49</sup> is described as a significant opportunity for digital to support the way people access services, become more actively engaged, and manage their own health and wellbeing.

Residential homes are increasing their network usage – controlling their white goods, heating and lighting systems remotely, High definition TVs, downloads of video clips, working from home all add to the broadband speeds that are required for daily consumption. There is huge potential for the care sector (housing) to use digital technology to support greater independence.

With no legal requirement on suppliers to invest in service improvements to widen the availability of superfast broadband in more rural areas, Aberdeenshire Council has been taking action to address the situation.

In 2014 Aberdeenshire invested £16m in the Rest of Scotland (RoS) upgrade programme targeting those at the poor end of the service spectrum. Part of the agreement with the Scottish Government /BT was that BT would reinvest the money into the Gainshare programme if uptake of fibre enabled broadband exceeded 20% within three years. Aberdeenshire is now the first area in mainland Scotland to see uptake of broadband exceed 40%.

By the end of 2018, when both the RoS and Gainshare monies will have been fully spent, the authority expects superfast coverage in Aberdeenshire to be between 89% and 90% which is below the expected average for Scotland as a whole (around 95%).

Work continues on sourcing alternative funding for delivering access to fibre networks. A bid (with partners: NHS and

Aberdeen City) to be a pilot area for local full fibre networks connection scheme was unsuccessful. However the bid from Highlands was successful. As authorities turn to alliances to help deliver efficiency savings it would appear that it is a missed opportunity for the North/North East of Scotland.

Two other projects under development within the City Region Deal digital umbrella are a regional sensor network which could help manage road capacity, provide flood warnings, monitor residents at risk of hypothermia and help rural businesses run more cost effectively and a regional data exchange, which would allow data to be pooled to create more statistically valid sample sizes to be measured and better decisions to be made through having access to more information. Outline Business Cases for these two projects have been approved by the Joint Committee and are likely to progress to procurement of a contractor to further investigate their viability.

Future proofing projects such as that delivered by the Community Fibre Partnerships<sup>50</sup> projects provide open access solutions for consumers. Other programmes such as the Local Full Fibre Networks Programme are less accessible to community groups due to the conditions placed on it.

Ultrafast broadband is virtually non-existent in Aberdeenshire. Many of the European and Scandinavian countries have better broadband access than Scotland. Digital Access is something that will continually need reinvestment to take advantage of new technologies. Investing in an ultrafast infrastructure will have many benefits including improved mobile phone coverage and access to fibre.

Aberdeenshire Council recently provided written evidence to the Scottish Affairs Select Committee in which it advocated the adoption of universal fibre to the premises as the aspiration to be supported by continuous investment in new infrastructure – 5G and future services and ultra-high definition televisions (8K





and beyond) require fibre optic cable to or near to masts and as data intensity grows, so too will the demand for additional fibre infrastructure to enable the services involved.

#### 9. **Connected and Cohesive Communities**

The Community Planning Partnership has three priorities one of which is connected and cohesive communities. Connected and cohesive is based on a recognition that whilst access to transport is critical, transport is an *enabler* for the delivery of a range of key outcomes. Quite apart from economic considerations, a lack of mobility is inextricably linked to social disadvantage and exclusion<sup>51</sup>.

### Forward Look

#### 10. **Review of Scottish Planning System**

The ongoing Scottish Planning System review proposes better co-ordination of infrastructure planning at a national and regional level<sup>52</sup>. This will require a stronger commitment to delivering development from all infrastructure providers.

The Planning Service also need to deliver a proper balance between the needs and aspirations of communities and the needs of businesses in the area. For example, electric and hybrid cars are becoming more popular yet there are few charging points across the area. Issues on location and availability must be discussed particularly in scenic locations.

The Fairer Scotland Duty will provide Services with opportunities to consider future housing and business developments, reduce dependence on private cars and enable residents to consider more sustainable and healthier forms of transport.

#### 11. **Infrastructure Improvements**

The planned and proposed investments in both digital and transport improvements will support the work (and Aberdeenshire's funding) of Visit Aberdeenshire to sell Aberdeenshire as a world class tourist destination be it for food lovers, culture and heritage buffs or adventure seekers.

An historic deficit in infrastructure spending needs to be addressed. Aberdeenshire will need to ensure that infrastructure and digital improvements are future proofed so that the area can take advantage of improvements in technology infrastructure in order remain an attractive place to live and work.

In 2025 BT will migrate all customers on to the IP network and the traditional phone network will be switched off.

Reliable digital infrastructure can reduce costs and enhance revenues for businesses, promote flexible and remote working. Aberdeenshire Council are one of the main employers in the region and continue to promote flexible working amongst the workforce. Service transformation will require access to high speed, reliable broadband for the authority, households, and partners.

Mobile connectivity is important to rural areas but the existing underlying infrastructure limits delivery. Mobile networks, where they are available, are not a substitute for good connectivity, having a high cost for data and limited bandwidth preventing multiple users having fast speeds simultaneously.

Cross boundary issues in transport supports a regional approach to transport policy. This is true whether it is an urban area where commuting is a key consideration and in rural areas where remote accessibility and lifeline services are key considerations. The plans to have ultrafast connectivity for business premises should provide the backbone hubs for residential superfast connections in the Aberdeen CRD.

#### 12. **Risks**

The effect of budget cuts at a regional and national level may impact on future planned infrastructure improvements. In addition, there may be reluctance on the part of operators to get involved following the collapse of Carillion while working on the AWPR.

With an aging population set to increase over the next few years, lack of mobility



could lead to increasing loneliness and isolation which in turn can lead to poor physical and mental health making it difficult for the CPP to deliver priority 3 of the LOIP – connected and cohesive communities.



## Statistical Overview – Selection of Latest Data

### Connected & Cohesive

Poor transport links can make it difficult to access resources and markets. Connected and cohesive communities is a key LOIP priority.

### Internet Usage

21% - gap in internet usage between the lowest and highest income brackets. It was 58% in 2007.

### Transport Costs

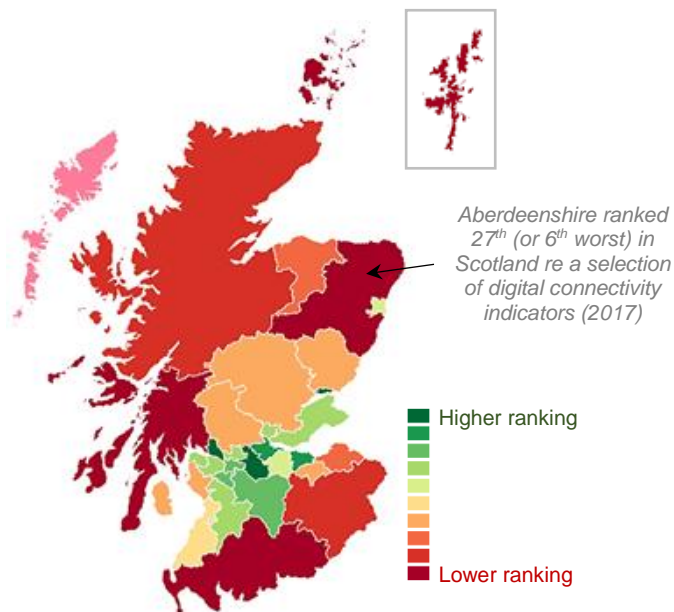
14% of household expenditure in the UK is on transport costs. Average spend equates to £74.80 per week.

### Commuting Destinations

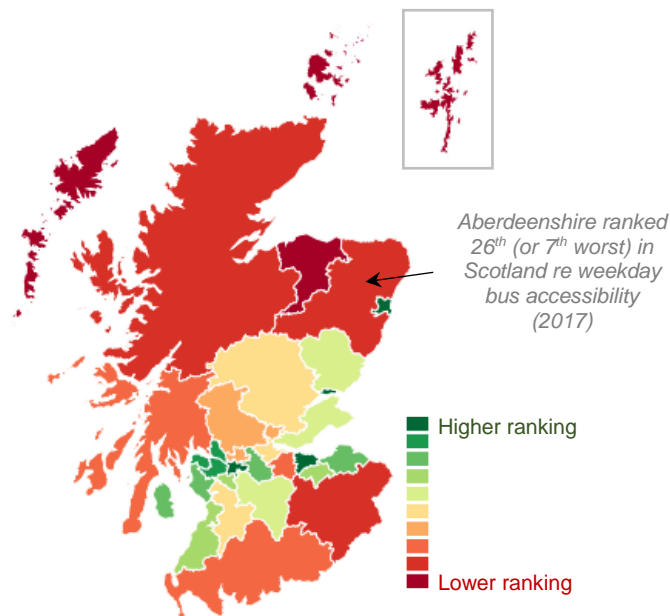
2011 census data indicated that a high number of Aberdeenshire residents 'out' commute to other

local authority areas. Most of them (40%) commute to Aberdeen City.

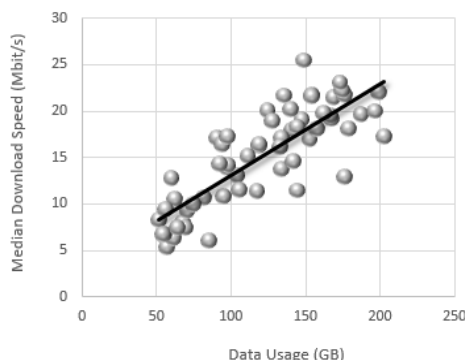
#### 'Digital Connectivity' based on the average ranking of a selection of indicators, Scotland, 2017



#### Weekday Bus Accessibility rankings, Scotland, 2017



#### Correlation between median download speeds & average data usage per Aberdeenshire Intermediate Zone, June 2017



This chart demonstrates the close relationship between median download speeds and the amount of data downloaded in gigabytes (GB). The higher the speed, the more data downloaded. The correlation coefficient, which measures the strength of the relationship between two variables, equates to 0.83. The number can be anything between -1 and +1. The closer it is to either -1 or +1, the greater the correlation (negative or positive) between the two variables. Therefore, a score of 0.83 indicates a strong positive correlation.

### Commentary

Transport links play an important role in accessing essential opportunities for work, education, economic markets, cultural and sporting activities, shopping and social activities. Providing transport facilities or reducing financial (and other barriers) to travel can offer ways to address poverty. Partnership working is vital in this area.

Government services are becoming 'Digital by Default'. Access to services such as the Universal Credit system will primarily be done online. With digital transactions 20 times cheaper than by phone, 30 times cheaper than by post and as much as 50 times cheaper than face to face meetings (UK government's Digital Efficiency report) it makes sense for services to move online. As mentioned elsewhere, along with streamlining processes, technology has another role in communicating differently with service users. Limited access to digital technology is most likely to affect vulnerable and excluded groups and additional support may be required. It will also assist with tackling inequalities in access to services. Improving fast broadband access across Aberdeenshire will help deliver these services. Digital should not be the only way to access council services, but it should be an efficient and easy option of communication for those who choose to use it. Like anything else the technology will be more easily adopted by users if it works and is reliable. There is a correlation between download speeds and data usage and those with poor download speeds will spend less time online.



3



## Provide the best life chances for all our children and young people by raising levels of attainment and achievement

### Key Judgements

- Education and the life chances of children and young people are vital elements in realising the Scottish Government's overarching Purpose. In prioritising the issue, **Aberdeenshire Council is strategically aligned with the Scottish Government.**
- A selection of attainment-related indicators on the face of it suggests an assortment of outcomes for Aberdeenshire pupils relative to their peers nationally. General attainment (average tariff) scores for **Aberdeenshire pupils tend to lag behind the rest of Scotland** – but this is more a function of Aberdeenshire's relatively high S4 leaver rate than inherent underperformance. Negative portrayals of educational outcomes in Aberdeenshire – such as that in a recent Audit Scotland report<sup>53</sup> – may **hinder the efforts of HR and E&CS to ease teacher recruitment / retention in the area**. Officers within E&CS have therefore taken **appropriate action to counter such portrayals** by informing relevant national bodies of Aberdeenshire Council's position on the matter.
- **Levels of attainment are generally increasing across Aberdeenshire** for both primary and secondary school pupils, and Aberdeenshire pupils tend to outperform their Scottish counterparts in terms of literacy and numeracy. The improvements reflect the **continuing focus in all schools on the importance of Literacy and Numeracy**.
- Additionally, a higher-than-average percentage of Aberdeenshire school leavers entered a positive destination in 2016/17 – and the trend is positive. This suggests **opportunities are available for young people in the area**, at least upon leaving school. It speaks to the strength of Aberdeenshire's education system in contributing to and facilitating pupils' post-school success. It also speaks to the determination of Aberdeenshire's young people to **secure a positive future for themselves**.
- **An attainment gap exists within Aberdeenshire**, with children/young people in more deprived areas tending, on average, to attain less well than those in less deprived areas. This is evident across stages and curriculum components. **However, that gap is narrowing**.
- **An increasing child population will put pressure on school rolls**. Over-capacity issues will affect a number of schools throughout Aberdeenshire over the next few years. Coupled with ongoing teacher recruitment/retention issues, school overcapacity could have a detrimental effect on the quality of pupils' classroom-based educational experience. A number of **promising initiatives/projects are underway to negate these developments**.

### Assessment of Issues

1. **Scottish Government's Mission and Reform Proposals**

The Scottish Government's defining mission remains to improve education and the life chances of all children and young people in Scotland.



The policy landscape is relatively complex but generally boils down to a simple premise: decisions about a child's learning should be made as close to that child as possible, and that decisions about a child's needs and how to meet them should be made by those around the child<sup>54</sup>. It is a vision of **empowerment and devolution** - devolution from local authorities to schools - to include teachers, head teachers, parents and communities - and devolution from a national to a local or a regional level.

The primary focus is to create a **school and teacher-led system**. Major aims include **closing the attainment gap** between the least and most disadvantaged pupils and to **raise attainment for all**.

The National Improvement Framework (NIF) and associated Improvement Plan complement the strategic vision. The NIF brings together what is known about **how the system is performing**, and the Improvement Plan serves as the **definitive plan for securing educational improvement**<sup>55</sup>. They are designed to deliver the twin aims of excellence and equity by **aligning collective improvement activities** across partners in the education system.

Aberdeenshire Council produced its first Improvement Plan over the course of 2017, detailing actions under the four NIF themes – improving attainment (particularly literacy and numeracy); closing the gap between the least and most disadvantaged children; improving children and young people's health and wellbeing; and improving employability, skills and sustained, positive school leaver destinations for all young people<sup>56</sup>.

The various work streams complement the ongoing delivery of Getting it Right For Every Child (GIRFEC), Curriculum for Excellence, and Developing the Young Workforce – the three pillars on which the Scottish Government's efforts are based. The entire system – both nationally and locally – is ultimately geared towards ensuring **all children become successful learners, confident individuals,**

**responsible citizens and effective contributors to society**<sup>57</sup>.

Education is therefore a vital element in realising the Scottish Government's overarching Purpose. In prioritising the issue, **Aberdeenshire Council is strategically aligned with the Scottish Government**.

## 2. **Specific Proposals within Education**

The Scottish Government and Scotland's local councils have reached an agreement that endorses and embraces the principles of school empowerment and provides clear commitment to a school - and teacher-led - education system. This will be implemented without the need for new legislation. Therefore, the Education (Scotland) Bill will not be introduced to Parliament 'at this time'<sup>58</sup>, with the Scottish Government instead favouring a collaborative approach with local government. It was felt that **educational reforms could be achieved more quickly through investment in consensus building and collaboration rather than legislation**<sup>59</sup>.

However, John Swinney, the Scottish Government's Education Secretary, recently made clear that, if sufficient progress is not made over the next twelve months to deliver the empowerment of schools, the Education Bill will be brought before Parliament<sup>60</sup>.

Therefore, the *objectives* of the Education Bill remain pertinent. The four main policy objectives<sup>61</sup> are as follows:

- Establishing a Headteachers' Charter which requires education authorities to empower headteachers to make key decisions at school level, working collaboratively with their school community;
- Collaborating for improvement, by placing a duty on all education authorities to work together and with Education Scotland within Regional Improvement Collaboratives (RICs), in the production of regional improvement plans. RICs will also provide a range of educational support and improvement functions, to be set out in statutory





guidance, in accordance with the principles and scope agreed between the Scottish Government and Convention of Scottish Local Authorities (COSLA);

- Strengthening parental involvement and engagement by making the existing legal duties in relation to parental involvement clearer, and encouraging stronger collaboration between schools, school leaders and parents. These provisions will strengthen, modernise and extend the Scottish Schools (Parental Involvement) Act 2006 as recommended in the National Parent Forum of Scotland's (NPFS) review to reflect the importance of parental engagement in children's learning; and
- Promoting pupil participation by requiring education authorities to promote and support pupil participation in specific aspects of education and school life in every public school.

### 3. **Aberdeenshire Council's Position**

- Aberdeenshire Council is ambitious for children and young people and for its education and learning system.
- Aberdeenshire Council will work with stakeholders, including Head Teachers and parents to continue develop and empowered and empowering school-led system
- Appropriate support systems will be developed to ensure schools can access the right level of support when they require it
- PESHAS will continue to support meaningful and proactive parental engagement in education
- Aberdeenshire Council will continue to champion the engagement and participation of young people in schools.
- Through its National Improvement Plan, its Children's Services Plan and its CLD Plan, Aberdeenshire Council continues to set ambitious aspirations and targets for children, young people, families and communities. There is a clear focus on improving outcomes and

supporting those who need our support most.

### 4. **Collaboration**

Aberdeenshire Council favours collaboration between schools and local authorities, as exemplified by the Northern Alliance. Aberdeenshire Council shares the Alliance's broader aims – a 'child and family-centred approach' – to address the attainment gap and to drive improvement<sup>62</sup>.

The importance of a collaborative ethos is perhaps more critical in this sphere than elsewhere given the potential long-term effects. As much as 80% of a child's performance, for example, is attributable to factors outwith school<sup>63</sup>. Therefore, the influence of parents, the family and communities generally cannot be understated. Hence, the Scottish Government's willingness to improve parental and community engagement in school life and learning outside of school.

Fragmentation within the system should therefore be avoided. A multi-agency, holistic approach that puts the child at the centre of the process is needed to bring services together – social work, health, third sector and even the private sector – to address all of the factors that contribute to attainment and affect the life chances of children and young people.

### 5. **General Attainment**

The reforms, among other things, seek to raise attainment – an outcome that essentially emanated from Scotland's deteriorating international standing in respect of a number of educational outcomes (e.g. the OECD's PISA rankings).

Although no definitive measure exists, a selection of attainment-related indicators suggest, on the face of it, an assortment of outcomes for Aberdeenshire pupils relative to their peers nationally.

In terms of the average tariff score<sup>2</sup> of all pupils, for instance, Aberdeenshire ranked 20<sup>th</sup> out of the 32 local authorities in Scotland in 2016/17. A similar pattern

<sup>2</sup> This is an imperfect measurement for reasons that will be explained but is nonetheless important due to the fact that national bodies view it as a yardstick for performance.



emerges when comparing three-year averages.

**Nationally, Aberdeenshire's educational performance has been portrayed in a negative light.** A recent Audit Scotland report<sup>64</sup> stated Aberdeenshire might be expected to 'perform better than it is' considering it contains relatively low levels of deprivation. (Deprivation generally has a negative effect on educational outcomes.)

The underlying data tells a more nuanced story. Tariff scores are generally correlated to school leaver rates. Generally speaking, local authorities that experience relatively **high S4 leaver rates** (and Aberdeenshire is among them) tend to record **lower** average tariff scores. This is because the tariff score operates on an accumulative basis: pupils accumulate points for each qualification over their academic career. Logically, therefore, pupils leaving immediately after S4 will accumulate fewer points than pupils staying on until the end of S6.

In other words, the negative portrayal of Aberdeenshire fails to take into account other material considerations. The fact that Aberdeenshire perpetually outperforms the rest of Scotland in terms of positive school leaver destinations is testament to the view among local practitioners that Aberdeenshire's education system contributes to and facilitates pupils' post-school success.

Negative portrayals of Aberdeenshire in any context – but particularly in relation to educational outcomes – may counter the efforts of HR and EC&S to raise the profile of Aberdeenshire schools, the aim being to make them more attractive to prospective candidates<sup>65</sup> and therefore ease the challenges posed by teacher recruitment/retention issues. Consequently, officers in Education & Children's Services have taken appropriate action to repudiate portrayals of Aberdeenshire based on tariff scores by making relevant national bodies aware of Aberdeenshire Council's position.

National comparisons notwithstanding, **levels of attainment are generally increasing across Aberdeenshire** for both primary and secondary school pupils. The improvements reflect the continuing focus in all schools on the importance of literacy and numeracy in supporting learning and teaching across the curriculum for all children and young people.

Consequently, Aberdeenshire pupils tend to experience **better outcomes in terms of literacy and numeracy than their Scottish counterparts.**

The new Aberdeenshire Literacy Strategy (2018) may reinforce the apparent local advantage. It aims to develop good literary skills across the whole spectrum of learners, from early years to adult literacy<sup>66</sup>. The associated Action Plan will be brought before the E&CS Committee in August 2018.

#### 6. **Attainment versus Deprivation**

In general, data suggests that an **attainment gap exists within Aberdeenshire**, with children/young people in more deprived areas tending, on average, to attain less well than those in less deprived areas. This is evident across stages and curriculum components. However, that gap is narrowing.

As the number of young people in Aberdeenshire in the lower deciles is relatively small (e.g. 'only' 214 young people fall within Decile 1), quantifying the attainment gap can be problematic. So too the inability to source appropriate data to measure and monitor the poverty-related attainment gap.

As part of the National Improvement Framework, the Scottish Government is working with stakeholders to explore and agree specific measures for the deprivation-related attainment gap<sup>67</sup>.

Additional research is being conducted locally which aims to provide a better understanding of the nature of deprivation in Aberdeenshire, which should provide an improved basis for identifying other measures.



The Community Planning Partnership's prioritisation of child poverty should facilitate a multi-agency, holistic approach to improving a number of outcomes across multiple spheres. Activities will necessarily be broad in scope and the focus will extend beyond education and bridging the attainment gap. They will likely include, among other things, income-maximisation for affected individuals and families, affordable housing, the availability and affordability of childcare, employment prospects, and skills training.

Addressing child poverty effectually, or more broadly the factors that limit the seizing of opportunities, should ultimately bear fruit in terms of educational outcomes and, consequently, improve the life chances of *all* children and young people in Aberdeenshire.

## 7. Positive Destinations

School leaver destination information is used to monitor progress in improving the proportion of school leavers in positive and sustained destinations such as higher education and employment (there are eight categories in total).

Approximately **95.5%** of Aberdeenshire school leavers attained a positive destination in 2016/17, which was higher than the national rate (93.7%), and one of Aberdeenshire's highest rates since 2011/12. The trend is positive. This suggests opportunities are currently available for young people in the area, at least upon leaving school. It also speaks to the determination of Aberdeenshire's young people to secure a positive future for themselves.

The proportion of Aberdeenshire school leavers in Higher Education continues to surpass the national rate, a testament to the strength of that sector locally. The converse is true in respect of employment. Job growth is expected to remain flat over the foreseeable future due to the downturn in the oil & gas sector. Local labour market opportunities will therefore be scarcer in comparison to the period of peak oil prices. This will likely prove challenging for practitioners

operating in this particular area of a young person's development.

The Scottish Government's **'Opportunities for All' programme is a key driver** in ensuring that all school leavers secure a positive destination. The ultimate ambition is full employment, which speaks directly to the Scottish Government's single overarching Purpose.

Key elements in delivering the aim include: early identification of need; intervention and support; effective tracking and monitoring of young people as they pass through the system; appropriate provision and opportunities at each stage; and **effective partnership working between the various partners involved**.

With over 2,500 school leavers every year, Aberdeenshire must ensure effective data analysis processes and effectual partnerships are in place to enable young people to receive their full entitlement from the Opportunities for All commitment<sup>68</sup>

**Partnership working appears to be a feature of Aberdeenshire's approach.**

The Aberdeenshire Employability Partnership provides employability support for young people and adults; and the Aberdeenshire Opportunities for All team and Skills Development Scotland (SDS) work jointly to deliver the key youth employability actions as defined in the Aberdeenshire Youth Employment Activity Plan.

In 2016-17, SDS worked closely with schools across Aberdeenshire, supporting the 'My World of Work' aspects of the School Partnership Agreements, including delivery of the successful My World of Work School Ambassador programme, and raising awareness and building capacity amongst teachers to use all the online resources available.

Aberdeenshire Opportunities for All are also engaged in Aberdeenshire-wide targeted initiatives, aiming to provide positive pathways for priority groups, such as Looked After Children and those with Additional Support Needs.



Data is regularly analysed to inform practice and shape future planning.

#### 8. **Teacher Recruitment / Retention**

As in many areas throughout Scotland, teacher recruitment/retention is a recognised issue in Aberdeenshire. Recruitment pressures have been more acute in primary schools in north Aberdeenshire and for specific subjects in secondary schools<sup>69</sup>.

A range of actions have been taken to address the issue with varying degrees of success.

The least effective initiative was arguably the Framework Contract that sought to secure teaching staff via 6 specialist recruitment agencies based across the UK. Only one permanent appointment had been made via this route at the time of writing.

However, other work-streams delivered greater success including the Incentive Scheme, which provides teachers with an upfront payment of £5,000, as well as activities to secure the services of probationers.

The Return to Teaching sessions, which were aimed at those who have teaching qualifications but had either not undertaken their probationary year or are currently out of the profession, also added to teacher numbers.

Marketing efforts appeared to be more **cost effective when the emphasis was shifted to social media**.

Positively, working relationships between management and teaching trade unions and the service are **strong and all relevant stakeholders will continue to work in partnership** to consider innovative ways to recruit and retain teachers in Aberdeenshire.

The upturn in the oil & gas sector locally, while welcome, may have negative implications for teacher recruitment in the region, especially with regards to STEM subjects.

## Forward Look

#### 9. **Demographics and School Capacity**

Aberdeenshire is currently home to approximately 49,000 children under the age of 16<sup>70</sup>. This equates to 18.6% of the total population – the 5<sup>th</sup> highest rate in Scotland. Aberdeenshire's child population is projected to *grow* by 6% between 2016 and 2041, resulting in several thousand extra children by the end of the forecast period. This is the 5<sup>th</sup> highest growth rate in the country.

The effects of the population increase will be felt in a variety of ways, particularly in relation to school rolls which in turn will impact school capacity figures – and possibly the quality of pupils' classroom-based educational experience. A recent school roll forecast predicted a 7% increase in the total number of pupils in Aberdeenshire by 2022, from a base of around 35,100 pupils. That equates to an extra 2,500 pupils.

The financial implications could be significant. Latest data shows the cost per secondary school pupil in Aberdeenshire was £7,000, and for primary school pupils it was £5,163. Both are higher than the national rates - £6,817 and £4,804 respectively<sup>71</sup>. The 2022 forecast suggests the projected increase in Aberdeenshire pupil numbers will increase costs by several million pounds.

Aberdeenshire Council has developed a relatively sophisticated and accurate model to respond to school capacity issues.

Officers constantly monitor school rolls against forecast, checking incoming planning applications – particularly for schools where there are already capacity pressures. The NHS provide annual updates in order to plot the location of all children across Aberdeenshire, and officers liaise with planning and developers about the pace of housing completions to ensure education infrastructure is available to meet the need.





#### 10. The Learning Estate

Officers are currently focusing on a number of priority areas in the context of the Learning Estate<sup>72</sup>. Both campus projects – Inverurie and Peterhead – are progressing, with construction on Inverurie's campus having commenced in April 2018. The Peterhead project is adopting a more holistic approach, encompassing the needs of the town. Officers are completing options and business cases for further consideration (the timescale for delivery has yet to be confirmed).

Similarly, and subsequent to a community-wide consultation, education provision in Fraserburgh is to be considered more widely. Architecture and Design Scotland will engage with the local community to identify town-wide priorities in a One Community, holistic approach, using the principles of Place Based Review.

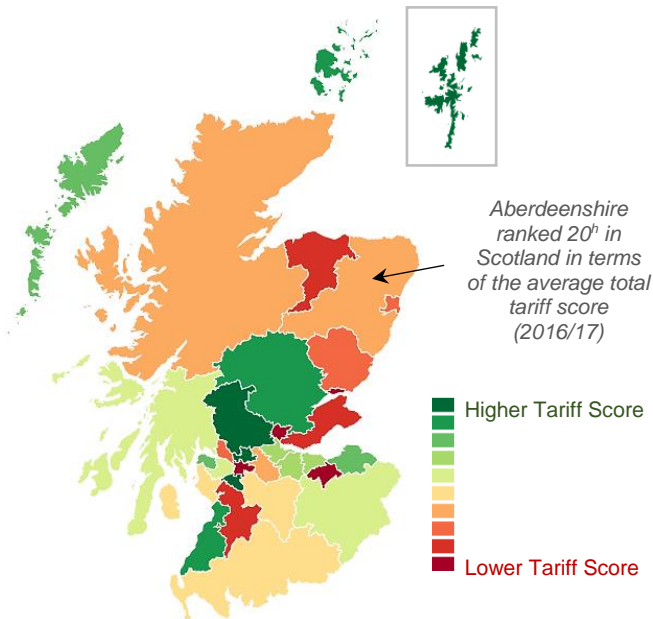
Community consultation and holistic planning is a sound approach to take in a time of far-reaching reform.



# Statistical Overview – Selection of Latest Data

Pupils	Teachers	Positive Destinations	Schools Satisfaction	School Condition
<b>35,649</b> - a 5% increase since 2011, and approximately 1,500 more pupils than the long-term average of 35,100 pupils (2001-2016).	<b>2,675 (FTE)</b> - a 5% increase since 2011. The pupil-teacher ratio is 13.3 – slightly lower than the Scottish average of 13.6 (which is positive).	<b>95.5%</b> of school leavers attained a 'positive destination', higher than the national rate (93.7%), and one of the highest rates since 2011/12.	<b>98.0%</b> are satisfied with local schools according to the Reputation Tracker (Q3, 2017/18). The trend is positive (short & long term).	<b>99.3%</b> of primary schools and <b>100%</b> of secondary schools are either 'good' or 'satisfactory' – higher than the national average in both cases.

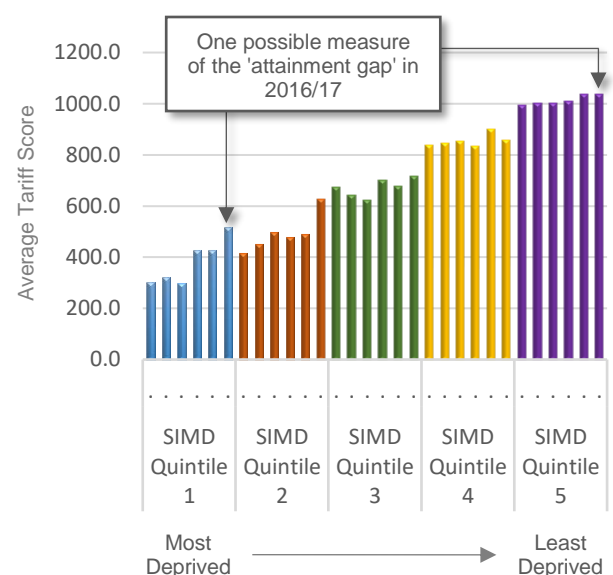
Average total tariff score, all pupils, Scotland, 2016/17



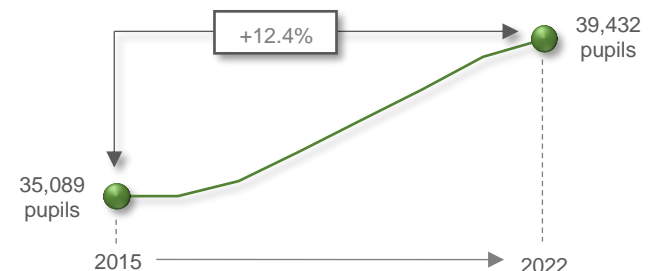
Top 5 Local Authorities (and Aberdeenshire)

Local Authority	Overall Average Total Tariff Score (2016/17)
East Renfrewshire	1351.0
East Dunbartonshire	1302.2
Shetland Islands	1039.9
Stirling	1008.5
South Ayrshire	970.6
Aberdeenshire (ranked 20 <sup>th</sup> )	862.8

Average Tariff Score per Deprivation Quintile, Aberdeenshire, 2011/12 – 2016/17 (bars represent a year)



Total pupil projections, Aberdeenshire, 2015-2022



## Commentary

Aberdeenshire tends to trail behind most other local authorities in terms of the average total tariff score, inclusive of all pupils. However, this is more a function of Aberdeenshire's relatively high S4 leaver rate than inherent underperformance.

A higher proportion of Aberdeenshire school leavers tend to enter positive destinations compared to pupils elsewhere – and 2016/17 was no different (95.5% of Aberdeenshire school leavers entered a positive destination *versus* 93.7% for Scotland).

As with other areas, Aberdeenshire pupils from more deprived areas tend to attain less well than those from less deprived areas. However, the gap appears to be narrowing, at least in relation to average tariff scores. It should be borne in mind that relatively few pupils in Aberdeenshire reside in SIMD Quintile 1 (statistically the most deprived quintile). As with attainment, a higher proportion of school leavers from less deprived areas tend to enter positive destinations compared to those from more deprived areas.

Pupil numbers are expected to increase considerably, in keeping with wider demographic trends. This will no doubt have an effect on school capacity in future years. Currently, there are 33 schools within Aberdeenshire that at or above 95% capacity. This number is projected to increase to 55 by 2022. Aberdeenshire had a higher proportion of primary schools over capacity in 2016 than the national average (15.3% *versus* 7.5%). The situation was less pronounced in relation to Academies – but a number of Aberdeenshire Academies are expected to exceed current capacities by 2022.

Although Aberdeenshire scores well in relation to school conditions on a national basis, the area scores less well in relation to suitability (e.g. performance & operation). Both criteria are assessed by each respective local authority.



4



## Work with parents and carers to support children through every stage of their development

### Key Judgements

- Aberdeenshire Council's decision to prioritise parents and children **demonstrates a clear link to national policy.**
- GIRFEC principles should be applied across the whole of Aberdeenshire Council, not just Children's Services. As far as practicably possible, **service planning and the delivery process should be aligned** so that they mutually reinforce activities and reduce duplication.
- Large scale changes to the childcare system in Scotland, namely the plan to almost double the level of childcare by 2020, while generally welcome, poses significant risks due to the scale of the **challenges in finding a new workforce and ensuring facilities are appropriate and fit for purpose** within the timeframe provided.
- Principles of the expansion centre on **high-quality, accessible, affordable and flexible** ELC provision. Consistent, flexible service provision may prove challenging in remote and/or small communities, and in some cases will be more expensive to deliver. This is significant in a local context due to the fact that Aberdeenshire has the 2<sup>nd</sup> highest number of 'Settlements' in Scotland. Greater flexibility and increased costs may 'squeeze' marginal players in the sector, with closures of small private enterprises a possibility. It may fall on the local authority to **bridge the gap** should this scenario materialise.
- Wage disparities are said to exist between the private and public sector in respect of Early Learning and Childcare, with the public sector apt to pay more than private sector enterprises. In some instances, wage disparities may result in private sector employees transferring to local authority nurseries. **Inequalities in wages and qualifications, resulting in relatively high staff turnover, could negatively affect the smooth transitions of children.**

### Assessment of Issues

#### 1. Context & Importance of Early Years

The Scottish Government's ambition in respect of children and young people is that Scotland is the best place in the world in which to grow up, and that children and their families are at the heart of policy making and service delivery<sup>73</sup>.

Aberdeenshire Council's decision to prioritise parents and children therefore **demonstrates a clear link to national policy.**

Evidence from both UK and international evaluations and studies of early learning and childcare programmes support the fact that all children, and especially those from more challenging backgrounds, can **benefit in terms of social, emotional and educational outcomes from attending early learning and childcare**<sup>74</sup>.

However a key finding from research is that if children are to benefit, early learning and childcare must be of **high quality.**



Poor quality provision is shown to have detrimental effects on children<sup>75</sup>.

Getting it right at this stage of a child's development not only improves outcomes for individuals, their families and communities as a whole, **it can also save money on expensive interventions in health, social care, justice and welfare over several decades**<sup>76</sup>.

## 2. **GIRFEC – and the need for a holistic, whole systems approach**

The GIRFEC approach (Getting it Right For Every Child) has been implemented across Scotland by all public agencies, charities, voluntary organisations and private providers whose work involves children.

GIRFEC is one of three pillars of the Scottish Government's whole systems philosophy in respect of the education and life chances of children & young people. The other two are: Curriculum for Excellence and Developing the Young Workforce.

A number of other policies, strategies and frameworks link into and help support the system. A profusion of precepts and policies arguably complicates operational effectiveness. The complexity only serves to highlight the importance of holistic planning and collaboration across multiple spheres.

The Children and Young People (Scotland) Act enshrined elements of GIRFEC in legislation. Key parts of the Act aim to improve the way services work to support children, young people and families by, among other things, **planning effectually and working collaboratively**.

Locally, the GIRFEC Chief Officer Group for Children **provides leadership and direction for children's services and sets the vision, aims and priorities for service delivery**, articulating and complementing the work of the Child and Family Protection Committee<sup>77</sup>.

The new Children's Services Plan will be published in the summer of 2018 and will contribute to the ongoing Needs Assessment. The Plan aims to further

embed GIRFEC principles across the organisation, not just Children's Services. Colleagues have stressed the importance **of aligning the service planning and delivery process** so that they mutually reinforce activities and reduce duplication. Part of this will entail sharing partnership data to ensure reporting processes are robust, facilitate the reporting of progress, and clearly evidence improved outcomes.

The Children and Young People (Scotland) Act also increased the entitlement to free early learning and childcare, a major reform in the sphere of ELC.

## 3. **Early Learning and Childcare – 1,140 Hours Expansion Plan 2020**

Early learning and childcare settings are all those which offer education and childcare to children up to school age. The settings can be operated by local authorities, private businesses, voluntary sector organisations, and in the case of childminders, self-employed individuals<sup>78</sup>.

Currently, all 3 and 4-year olds, and eligible 2-year-olds, are entitled to 600 hours per year of funded early learning and childcare (ELC). By 2020, this will expand to 1,140 hours per year (a full-time equivalent system of 30 hours per week).

The primary objective of the expansion is to **support children's development, especially children from the most disadvantaged backgrounds**.

A secondary objective is to **support more parents into work, study or training**, especially parents from the most disadvantaged backgrounds.

## 4. **ELC Funding and implications for councils**

As part of the national 2020 expansion a new **Funding Follows the Child** approach will be introduced. The approach will be underpinned by a new National Standard for Funded Early Learning and Childcare Provision. This sets out the criteria that all providers who wish to deliver the funded entitlement will have to meet.





Principles of the expansion centre on **high-quality, accessible, affordable and flexible** ELC provision.

The approach will have a number of implications for local authorities, some of which are outlined below<sup>79</sup>:

**Quality** – As the primary guarantors of quality, local authorities will retain statutory responsibility for ensuring that high quality funded ELC, as defined by the National Standard, is available to all eligible children in their area. Local authorities will receive funding from the Scottish Government to enable them to discharge this responsibility.

**Sustainable Rate** – Local authorities will set a sustainable rate and work in partnership with providers in the private and third sectors who want to deliver the funded entitlement. These rates will be set to reflect local needs as well as reflect national policy priorities, including payment of the ‘real’ living wage.

**Flexibility** – As key enablers of flexibility and choice, local authorities will enable a system that is ‘provider neutral’ with the focus on the settings best placed to deliver quality outcomes for children. Local authorities will engage with their local communities to determine how to deliver flexibility in line with local need, taking into account the view of parents who wish to work, train or study. Flexibility will be delivered through both a council’s own settings and through the use of funded providers.

**Affordability** – Local authorities will retain statutory responsibility for ensuring that funded ELC entitlement is available to all eligible children in their area, free at point of access. The delivery of ELC services at a local level should improve affordability for parents.

**Greater flexibility, if accompanied by lower costs, will be welcomed by families in Aberdeenshire** as evidenced by a recent consultation<sup>80</sup>. Other Aberdeenshire consultations<sup>81</sup> show that 74% of respondents believed **a lack of suitable childcare is a barrier to employment**, at least to some extent.

Benefits of expanded provision cited by respondents include the **ability to work, study or take on other roles more easily**. This is compatible with the Scottish Government’s findings and

Partners in Aberdeenshire, including childminders and private nurseries, will be given support to adjust to these new arrangements on a phased basis, including an increased hourly rate for making these additional hours available. Employees within council childcare settings will also be guided through the process.

The increase in provision will be phased in over two years from January 2018, starting with nine local school settings and focusing on those who need it most<sup>82</sup>. Again, this is compatible with the Scottish Government’s desire to positively affect children and families with disadvantaged backgrounds.

## 5. Risks of ELC expansion

While generally welcome such an expansion is not without costs or risks. The Accounts Commission recently warned of “significant risks” to delivering the ELC expansion plan due to the **scale of the challenges in finding a new workforce and ensuring facilities are appropriate and fit for purpose in the timeframe provided**<sup>83</sup>.

It is anticipated that up to 750 new early learning and childcare posts will be needed to support the expansion to 1140 hours<sup>84</sup>.

Providing a *flexible* service, which forms part of the Scottish Government’s early years’ philosophy, may also prove challenging given current provision patterns. A Scottish campaign group<sup>85</sup> recently highlighted the lack of flexibility in current provision and intimated that the **childcare system wasn’t close to meeting working parents’ needs**<sup>86</sup>, that is, public nurseries open between 8am and 6pm.

Greater flexibility will require robust planning. Factors to be considered include quality of provision, needs of



families and communities, accessibility, cost, infrastructure, and workforce planning.

**Consistent, flexible service provision may prove challenging in remote and/or small communities, and in some cases will be more expensive to deliver<sup>87</sup>.** This is significant in a local context due to the fact that Aberdeenshire has the 2<sup>nd</sup> highest number of 'Settlements' in Scotland.

Increased costs for local *private* sector providers (e.g. meeting the Living Wage requirements) may have negative implications. One case study provided by a nursery in Aberdeenshire suggested a 13% increase in the gross wage bill as a result of the changes. (Wages already account for approximately 65% of a nurseries costs.) To offset this increase, private providers would have to either increase costs to parents/carers or receive an increased funding rate from the local authority. If neither are feasible, closure may be the only other option.

Therefore, **greater flexibility and increased costs may 'squeeze' marginal players in the sector, with closures of small private enterprises a possibility.** It may fall on the local authority to bridge the gap should this scenario materialise. This may necessitate periodic 'health checks' of privately run ELC services.

Locally, additional funding has been made available to offset the additional costs of the expansion. Approximately £1.24 million was recently vired to the nursery budget for that purpose.

The service has also produced a service delivery plan to ensure adequate provision across Aberdeenshire.

## Forward Look

### 6. **Analysing the ELC Expansion**

In the coming years the Scottish Government will undertake new data collections and analyses in order to provide a more complete picture of the ELC expansion, and include these in

future evaluation reports. For example, qualitative research with parents, particularly those living in more disadvantaged communities and those with additional support needs, has been commissioned to take place in 2018.

New questions on ELC will also be included in the Scottish Household Survey from 2018/19 onwards, and a Data Transformation Project is underway to improve the data collected in the annual ELC census<sup>88</sup>.

### 7. **Effect of possible wage disparities**

Wage disparities are said to exist between the private and public sector in respect of Early Learning and Childcare, with the public sector apt to pay higher wages than private sector enterprises<sup>89</sup>. In some instances, wage disparities may result in private sector employees transferring to local authority nurseries. It is not inconceivable, therefore, that those with higher qualifications will also gravitate towards the public sector. **Inequalities in wages and qualifications, resulting in relatively high staff turnover, could negatively affect the smooth transitions of children.**

### 8. **Supply Capacity**

The hours needed to deliver 1,140 hours of ELC for eligible children in Aberdeenshire is estimated at between 7 and 8.3 million depending on uptake. If ELC sought to provide full flexible provision based on 1,500 hours of uptake, where additional hours are paid for by families, then up to 11 million hours are needed<sup>90</sup>. While this is within the technical capacity of present local authority and partner providers, underused capacity is not always in settlements where demand is likely to be highest. The service estimates that the 1140 expansion will generate 30% displacement from current provision. Creating additional capacity in existing sites can be offset against this figure. However, additional provision will be required.

Initial modelling suggests that additional capacity will be needed in nine school catchment areas – Banff, Fraserburgh, Peterhead, Huntly, Newmachar,



Laurencekirk, Portlethen, Stonehaven and Westhill. A further four catchments are likely to come under pressure if uptake rates are high – Aboyne, Alford, Ellon, Meldrum. These areas will require varying degrees of capital investment. In addition most other settings will need a degree of refurbishment or adaptation<sup>91</sup>.

As trial sites progress these models will continue to be refined. Trial sites will include refurbishment sites, new build development and modular construction additions on existing school sites. Detailed work is now required to estimate the capital costs of the likely programme. Initial estimates place the figure between £40 and £45 million<sup>92</sup>.

Revenue costs will also increase as additional staff, resources, fixed and variable costs are incurred. Present estimates suggest this to be in the order on £9.5 million pounds per annum<sup>93</sup>.

#### 9. **Aberdeenshire's child population projected to grow faster than the national rate**

Aberdeenshire Council currently educates approximately 35,000 children and young people in 87 nurseries, 152 primaries, 4 special schools, and 17 academies. Demographic projections suggest Aberdeenshire's child population will grow at the 5<sup>th</sup> highest rate in Scotland between 2016 and 2041. Again, this will result in greater demand for childcare provision in future years

#### 10. **Female employment in the region expected to rise**

Female full-time employment is expected to increase across the region between now and 2027, and female part-time employment is projected to decrease<sup>94</sup>. This will doubtless have positive implications in terms of the workplace and the regional economy but may also result in even greater demand for childcare provision in future years.

#### 11. **Parental Engagement / Involvement**

It is generally acknowledged that parents, carers and families are by far the most

important influences on children's lives<sup>95</sup>. The Scottish Government are seeking greater parental involvement in schools.

To that end, HMIE Inspectors will in future look at Parental Involvement/Parental Engagement as part of the inspection of a school. Areas such as the development of family learning, work undertaken in partnership with parents and any surveys or satisfaction statistics the local authority currently holds, will be part of an evidence base to evaluate parental engagement.

The Aberdeenshire Parental Involvement Strategic Task Group formed in September 2016 and is chaired by the Director of Education and Children's Services. It undertook a series of self-evaluation exercises to determine the levels and quality of parental involvement and engagement in Aberdeenshire across universal and targeted services. It found that improvements could be made to ensure service delivery is equitable and consistent and that the quality of parental engagement is uniformly better.



## Statistical Overview – Selection of Latest Data

### ELC Registrations

**13,260** children were registered in 2016, which equates to approximately 73.6% of the population aged 0-4 years (lower than national rate – 78%).

Aberdeenshire has the highest number of playgroup-registered children (1,000+). It equates to 8% of registered children (4x the national rate.)

### Total ELC Services

**500+** services: approximately 61% childminding; 23% Nursery; 7% Playgroup; 7% out-of-school care; and 3% 'other'.

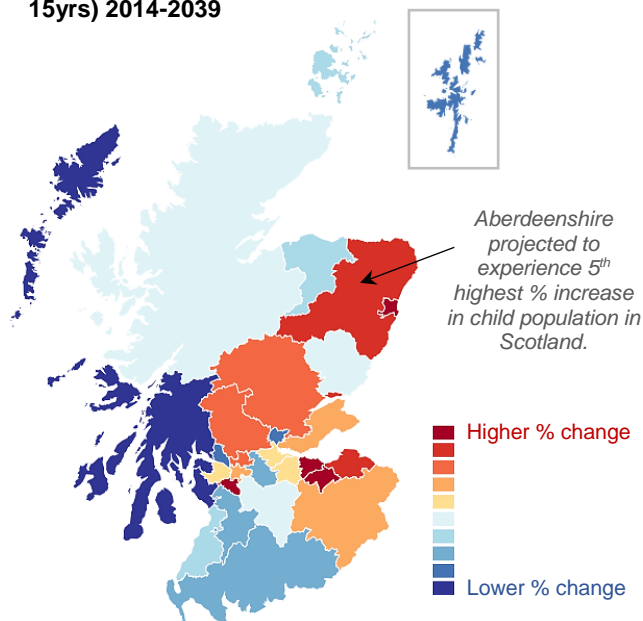
### Nurseries

**163** nurseries accommodate **7000+** children (of which, over 4,700 are funded places). The majority of nurseries are run by the Council.

### Childminding

**359** childminding services in 2016 accommodate **2,200+** children (over 6 children per service). All are privately run.

### Estimated percentage change in number of children (0-15yrs) 2014-2039

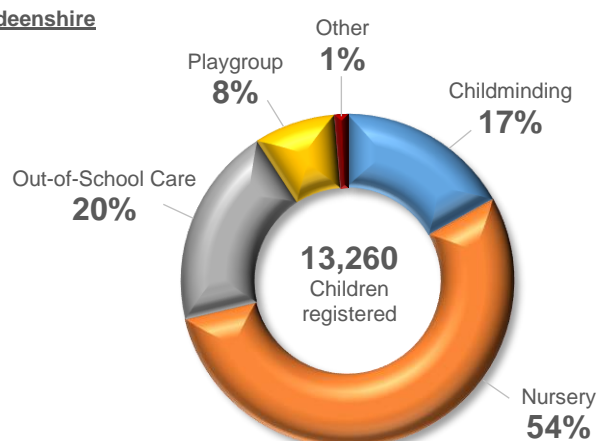


### Increase in child population – top 5 council areas

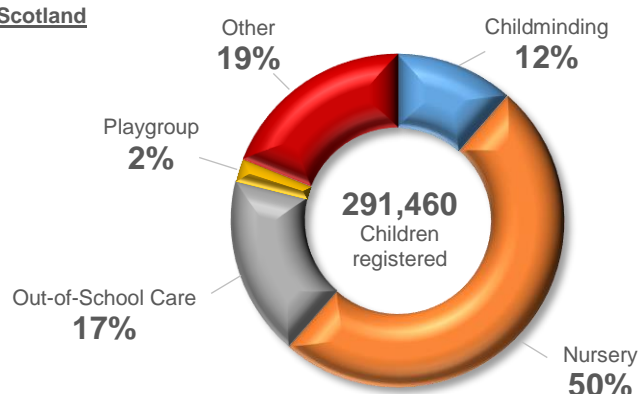
Local Authority	No. change 2014-2039 (est.)	% change 2014-2039 (est.)
Midlothian	+ 4,095	+ 25.0%
Aberdeen City	+ 6,501	+ 19.4%
Edinburgh City	+ 11,831	+ 15.7%
East Renfrewshire	+ 2,617	+ 14.4%
Aberdeenshire	+ 6,947	+ 14.3%

### Children (aged 0-4 years) registered per ELC Service, 2016

#### Aberdeenshire



#### Scotland



### Commentary

The child population in Aberdeenshire will grow at a faster rate than most other local authorities in Scotland. By 2039 Aberdeenshire's child population will be 14.3% higher than in 2014 – the 5<sup>th</sup> highest growth rate in the country, and equivalent to an extra 6,947 children. Aberdeen City will experience similar growth rates.

Aberdeenshire will experience multiple pressures from population increases, with a higher-than-average growth rate among people aged 65 and over in addition to increases at the other end of the age spectrum.

As at 31 December 2016 the majority of children registered with an ELC service in both Aberdeenshire and Scotland were registered with a nursery, albeit Aberdeenshire's rate was slightly higher than the national rate (54% versus 50% nationally). Childminders also account for a greater proportion of registered children in Aberdeenshire relative to the rest of Scotland (17% versus 12%), and a far higher proportion of the playgroup sector (8% versus 2%). Aberdeenshire had the greatest number of playgroup-registered children in Scotland as at 31 December 2016. Consequently, Aberdeenshire had one of the highest rates of playground-registered children relative to the total number of children registered with an ELC service.

Conversely, a high percentage of registered children in Scotland are registered with crèches (13%) compared to Aberdeenshire, which had 0 (zero) children registered as at 31 December 2016.





5



## Encourage active lifestyles and promote well-being with a focus on obesity and mental health

### Key Judgements

- **There are health inequalities in Aberdeenshire** which, if left unchallenged, present a ticking time bomb for the NHS, AHSCP and the Council. Doing nothing is not an option.
- **Early intervention to tackle mental health issues can tackle problems earlier, be more cost effective in the long term.** Left untreated young people can have mental health problems when they are older and may miss out on access to support. The support for people with mental health problems will need to come from a variety of sources – council, health services and youth justice.
- Obesity is not new, in 2010 it was suggested that 40% of the Scottish population could be classed as obese by 2030. Campaigns to get the population to be more active have not been very successful. This suggests that **health improvement activities to reduce obesity need to be more targeted.**

### Assessment of Issues

#### 1. Context

The benefits of physical activity and sport on physical and mental health are well documented. It helps people to lose weight, boosts self-confidence and mental concentration. Health can be defined as a state of complete mental, physical and social wellbeing – not merely the absence of illness or infirmity although that is important as well.

The positive effects of engaging in regular physical activity are particularly apparent in the prevention of several chronic diseases including: cardiovascular disease, diabetes, cancer, hypertension, obesity, depression and osteoporosis.

Health inequalities are the unfair and avoidable differences in people's health across social groups and between different population groups<sup>96</sup>. Current average life expectancy in Aberdeenshire is 79.2 years for men, the 4<sup>th</sup> highest in

Scotland, and 82.2 years for women, the 9<sup>th</sup> highest in Scotland.

Boys born in the 15% most deprived parts of Aberdeenshire<sup>97</sup>, can expect to live on average to 75 years, five years less than the average life expectancy of boys born in the 15% most affluent areas. The lowest life expectancy is seen in boys born in Peterhead harbour, an average of 71 years - a significant difference. However, women's life expectancy in the most and least deprived parts of Aberdeenshire does not differ significantly.

Scotland has one of the worst obesity records among OECD countries. Obesity increases people's risk of a number of health conditions and reduces life expectancy by an average of 3 years, or 8-10 years for severe obesity. The likelihood of obesity is higher for people living in deprived areas (measured using SIMD). The rates are higher in the second



most deprived quintile (36%) than in the most deprived quintile of areas (32%)<sup>98</sup>.

During childhood those who are overweight or obese have an increased risk of conditions such as hypertension, type 2 diabetes and asthma. If their weight continues to be unhealthy into adulthood, they are at increased risk of diabetes, cardiovascular disease, osteoarthritis and some cancers. There is a 25% lower probability of being in employment if BMI>30<sup>99</sup>. Evidence suggests a link between overweight and obesity in midlife and dementia in late life<sup>100</sup>.

Evidence from the Scottish Health Survey indicates that obesity has increased over time in Scotland in adults aged 18-64. The average obese person in 2015 needs to lose more weight than the average obese person would have done in 1995.

Various studies estimate the cost to the NHS in Scotland between £363 and £600 million (costs incurred due to treating cardiovascular disease and type 2 diabetes) and the total (direct and indirect) costs to Scottish society including labour market related costs such as lost productivity, have been put at £0.9 – 4.6 billion.

The pervasiveness of, and the health and economic consequences of obesity mean that tackling it remains a key priority for government and public health professionals. Increasing people's awareness of the fact that obesity can be harmful to health and highlighting the kinds of actions individuals can take to reduce and prevent it can open or worsen an inequalities gap<sup>101</sup>. The National Survey for Wales 2016/17<sup>102</sup> found that poverty and lifestyle choices pose the biggest barriers to being involved in sport. Aberdeenshire Council needs to consider how to change behaviours of affected groups.

In Aberdeenshire 79% of respondents to the Scottish Health Survey rated themselves as in good or very good health. This is significantly above the estimate for Scotland.

There are four areas<sup>103</sup> likely to have the greatest impact on obesity prevention:

## 2. Energy Consumption

Controlling exposure to, demand for and consumption of excessive quantities of high calorific foods and drinks. For children's weight control, best results are thought to derive from improving dietary practices and overall parental supervision. Good practice now will have benefits later.

Aberdeenshire's healthy school meals menus reflect national recommendations for changes to diet including reductions in salt, sugar and bread-based items. Inclusion of oily fish and more emphasis on fruit and vegetables. The authority holds the Soil Association Food for Life Silver Catering Award<sup>104</sup>. The draft Sport and Physical Activity strategy has an action to develop new health focused programmes that focus on Child Healthy Weight and Older Adults, in partnership with the NHS.

## 3. Energy expenditure

Increasing opportunities for and uptake of walking, cycling and other physical activity in our daily lives and minimising sedentary behaviour. Sport can achieve several impacts simultaneously, making it a highly cost-effective intervention. There is evidence that regular sport and exercise benefits educational behaviour and attainment. It can contribute to reduced social and ethnic tensions and reduce crime and anti-social behaviour.

The ECS Sport and Physical Activity Team has developed a draft Sport and Physical Activity Strategy to support the delivery of the Council Priorities over the next 10 years. It has four strategic outcomes:

- We will help the people of Aberdeenshire to live longer, healthier lives
- We will promote diversity and tackle inequalities
- We will use sport & physical activity to build stronger communities
- We will support young people to reach their potential by providing opportunities for wider achievement



The implementation and success of the strategy will be based on strong and meaningful partnerships, particularly with the voluntary sectors and the H&SCP.

#### 4. **Early years**

Establishing life-long habits and skills for positive health behaviour through early life interventions.

The authority has had a long-time commitment to the Active Schools programme<sup>105</sup> and has plans to increase its reach and impact.

#### 5. **Working Lives**

Increasing responsibility for the health and wellbeing of their employees.

Aberdeenshire has a programme of activities to improve the health at work or its employees<sup>106</sup>. This includes the relevant health related policies and associated training courses for mental health. In May 2016 it was awarded the Healthy Working Lives Gold Award. There are monthly wellbeing newsletters, walking over lunch groups and annual pedometer challenges.

#### 6. **Alcohol**

Alcohol has been identified as a key factor in explaining the significant differences in health outcomes between Scotland and the rest of the United Kingdom and is also implicated in the country's high (and rising) levels of health inequalities. Involvement in extracurricular activities such as sport and culture can divert attention from alcohol to physical activity and different social impacts.

The Council's Sport and Culture sectors are critical tools for supporting people to make positive changes in their lives which will promote a sense of community, and reduce isolation and loneliness, have a major impact on an individual's mental health and deliver longer, healthier lives, best supporting people to live independently into later years<sup>107</sup>. The aim of the authority's Culture Strategy is to ensure creative, meaningful and effective ways are used to improve the health and wellbeing of everyone, with a focus on those who will benefit most.

#### 7. **Allotments**

For older people activities such as gardening and accessing allotments can provide access to fresh air and a healthy lifestyle. Research has shown that spending half an hour in an allotment leads to twice the drop in the stress hormone cortisol as does reading a book. For some the health benefits of exercising in green spaces are greater than exercising in the gym. The use of community gardens can help foster a spirit of community.

The Community Empowerment Act 2015 requires local authorities to maintain waiting lists and take reasonable steps to provide allotments if the waiting lists exceed certain trigger points. There is a requirement for Aberdeenshire to develop a food growing strategy for their area, including identifying land that may be used as allotment sites and identifying other areas of land that could be used be a community for the cultivation of vegetables, fruit, herbs or flowers. The Scottish Government are preparing guidance to assist with this.

Aberdeenshire are currently developing their Food Growing Strategy which will include their approach to the allotment legislation which is due later this year.

#### 8. **Cycle and Walking Routes**

Cycling and walking to work are great forms of exercise that can contribute to improved health and well-being. By encouraging a change in travel behaviour in favour of cycling or walking this can lead to safer communities with less travel on the roads. It can also reduce our carbon emissions. Cycle tourism is particularly important to the Scottish economy.

Research shows that pupils who walk and cycle to school are more attentive and perform better in school. For adults it is an ideal way to work towards the recommended 30 mins of daily physical activity, increasing energy and stamina levels and reducing the risk of heart disease and improve feelings of well-being.



The authority is working with partners, businesses and the big Infrastructure projects such as the Kintore railway station and the AWPR to identify opportunities for cyclists and additional cycle paths.

#### 9. **Green Spaces**

The Council is currently reviewing the Play Park Strategy to ensure that it supports the delivery of the council's priorities in particular those around health and wellbeing.

The Ranger service in Aberdeenshire runs several events for adults and children. They provide support to help people enjoy the outdoors.

#### 10. **Mental health**

Physical activity can boost self-esteem, mood, sleep quality and energy as well as reducing the risk of stress and depression and helping to save on future health costs.

A recent study<sup>108</sup> estimated that every £1 spent on one-to-one counselling could return society £6.20 in improving future job prospects and cutting crime. The potential benefit per child was calculated at just over £5,500, of which £3,568 was attributed to their potential higher lifetime earnings and £2,050 to a lower government outlay in areas such as health and the criminal justice system.

The Council provides support for young carers through a 'Young Carer Statement' that will identify their personal outcomes and needs for support for promote their physical, mental and emotional wellbeing.

The Healthy Reading partnership is a partnership between Mental Health Aberdeen, Huntly Mental Health, NHS Grampian, and Aberdeenshire Council. The project is funded through NHS Grampian Health Improvement Funds.

Based in six libraries it offers easy access to a range of self-help books designed to help people cope with every day issues such as stress, anxiety and depression that can affect the way that people feel about themselves and others.

As a Council we have made promotion of health and wellbeing one of our key priorities. Improved outcomes for health and wellbeing are the cornerstones of effective early intervention, having a significant positive financial and social impact for individuals, communities, and a range of public sector partners. It supports the work of the Community Planning Partnership and its priorities<sup>109</sup>.

## Forward Look

#### 11. **Business Unit**

The Council is proposing the introduction of a Business Unit to deliver the health & wellbeing priority and given the challenges facing the Council, an opportunity to deliver the public aspiration as effectively as possible, in a different way. It would have access to fundraising channels not open to the Council. It could determine the delivery of the strategies for Sport and Culture in Aberdeenshire<sup>110</sup>.

The proposed Business Unit would provide opportunities to raise the profile of health and wellbeing with opportunities at a local level to try new things out to see if they work and invest in marketing and publicity where there is a need for speed in decision making. Opening hours can be tailored to suit the business plan and service users.

#### 12. **Children & Young People**

The recently released Scottish Government's Tackling Child Poverty Delivery Plan<sup>111</sup>. Includes an investment of £150 million to deliver the mental health strategy, including supporting better access to CAMHS. An additional £5 million has been made available for CAMHS. This is to reduce waiting times and improve board performance on addressing mental ill health for groups.

2018 Year of the Child and Young Person presents opportunities to get children and young people involved in Sports and Culture.

The introduction of the 'ground-breaking' sugar tax in April 2018 appears to have been successful with many firms changing





the sugar content of their drinks ahead of the change.

### 13. **Public Health Priorities for Scotland**

The Scottish Government have just published the Public Health Priorities for Scotland. The six priorities are<sup>112</sup> a Scotland where we:

- live in vibrant, healthy and safe places and communities
- flourish in our early years
- have good mental wellbeing
- reduce the use of and harm from alcohol, tobacco and other drugs
- have a sustainable inclusive economy with equality of outcomes for all
- eat well, have a healthy weight and are physically active

These are all reflected in the Council's own priorities. It should be the case that the social, economic and physical environments we live in help create health and wellbeing, and that local communities and public services make it possible for individuals to take positive decisions about their own health and feel supported to do so<sup>113</sup>.

### 14. **Digital Services**

NHS Scotland is developing a new Integrated Digital Health and Social Care Strategy 2017-22<sup>114</sup>. One of its aims is to make sure that people have access to the digital information tools and services they need to help maintain and improve their health and wellbeing.

Well-being isn't just for young people – **Living it up – NHS 24** is a health, wellbeing and self-management website for the over 50's in Scotland, that supports people in managing and tracking their health and wellbeing, highlights local events, and aims to inspire with local stories and experiences. Another example is for workers - the Healthy Working Lives campaign<sup>115</sup> – run by NHS Scotland – is also online. Aberdeenshire has advice (both practical and for reference) on Well-being and Mental Health.

Service users therefore require access to the digital information, tools and services they need to help maintain and improve health and wellbeing.

The success of the Council's proposed Business Unit is also dependent upon the use of technology such as a website that can take bookings and payments electronically. Digital connectivity will be a key operational aspect of the new unit.

### 15. **Risks**

Not adapting to changing requirements of residents e.g. opening times; availability of sports facilities, could limit opportunities for success in terms of the Business Unit's aspirations.

Further funding cuts to bodies such as Sport Scotland may impact on our ability to deliver Active Schools and initiatives of that nature.

## Statistical Overview – Selection of Latest Data

### Life Expectancy

**3 to 8 yrs** av. life expectancy drop caused by obesity. The overall % of P1 children at risk of being overweight or obese has remained broadly similar since 2005/06.

### Obesity

**22,921** – number of people recorded on GP registers as having obesity in Aberdeenshire. (2015)

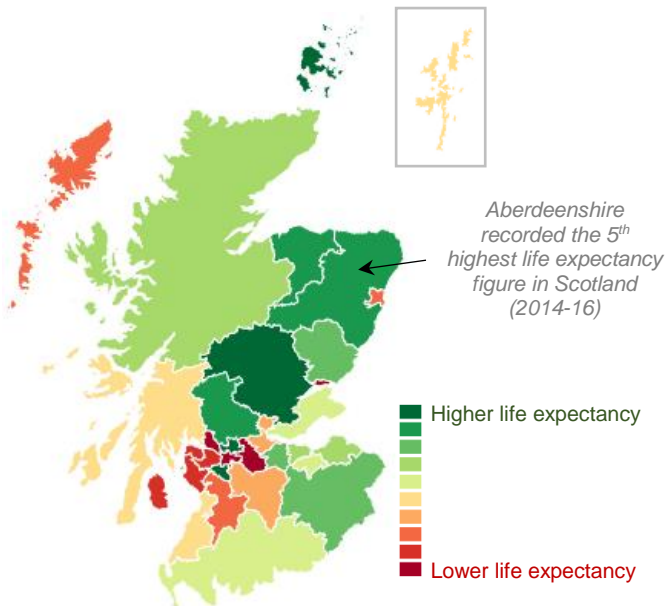
### Sporting Participation

**83%** of respondents report sporting participation (National average 74%). The majority of exercise involves walking and keep fit/aerobic exercise

### Mental Health

**1,574** people are recorded as having a mental health disorder in Aberdeenshire. More likely to suffer from mental health if you live in the most deprived areas. In 2012/13 the costs to NHS Grampian for mental health admissions was £13.5 million or 4% of the budget.

### Life expectancy at birth, Scotland, 2014-16



### Local Authorities with highest life expectancy in Scotland, 2014-16

Local Authority	Life Expectancy at Birth
East Renfrewshire	81.8
East Dunbartonshire	81.8
Orkney Islands	81.5
Perth & Kinross	81.2
Aberdeenshire	80.8
Glasgow City (ranked 32 <sup>nd</sup> )	76.1

### Selection of Aberdeenshire Health Statistics

- In every school year the prevalence of risk of overweight and obesity was highest in the most deprived quintile
- Over 1 in 5 adults (23%) smoke. The national average is 23%.
- 10,977 people recorded as having diabetes
- 6,586 people recorded as having a new diagnosis of depression

Sources: [isdScotland](#), [SIMD](#), [ScotPHO](#)

### Active Travel, Sport and Culture

#### Aberdeenshire has:

- 16 Swimming pools/sports centres
- 17 Active School networks
- An active Rangers Service
- Museums
- Archaeology Service
- Country Parks – some with an outdoor gym
- Play Parks
- Cycle Paths
- Integrated Travel Town Project

### Commentary

Average life expectancy in Aberdeenshire is one of the best in Scotland. In the more deprived areas it does drop by as much as 8 years for men, women are not affected as much. The benefits of physical activity and sport on physical and mental health are well documented. Health and Social Care boards are now responsible for ensuring the provision of all community health services including mental health services. Aberdeenshire Council can however influence how their residents and their families, and even their own workforce to take more responsibility for their own health. Aberdeenshire's role in education is primarily one of supporting schools. School is an important setting for forming or changing health behaviours, but interventions should be well targeted.

Whole school approaches to improving health are likely to be more effective. For example, offering healthy school meals, physical activity at school and access to culture can increase school attainment levels; improve mental and physical health. Poverty and lifestyle choices pose the biggest barriers to being involved in sport. Increasing inclusion across Aberdeenshire will also enable those in more deprived areas to participate in more sport and cultural activities. Group participation in sport and culture is a good way to get young people started in sport and cultural activities.

Some figures say that one in ten young people will experience a mental health condition, however more recent research suggests that around 40% of young people struggle with their mental health. By extension there could be larger numbers of adults with mental health problems than previously thought. An additional £5million has been made available to CAMHS with the specific aim of reducing waiting times.

Aberdeenshire has continued to invest in new sports centres and the proposed Business Unit being created to deliver the health and wellbeing priority provides an opportunity to deliver the service in a different way.

6



## Have the right mix of housing across all of Aberdeenshire

### Key Judgements

- **Housing has an important influence on poverty and health inequalities in Scotland.** This is through the effects of housing costs, housing quality, fuel poverty and the role of housing in community life<sup>116</sup>. The mixture of house sizes, types and tenures is an important consideration in the creation of strong communities.
- As Health and Social Care integration evolves with fully established partnerships, **opportunities should emerge to enhance joint planning and delivery between Housing and the Partnership.** The review of sheltered housing will prove key in providing appropriate models of housing for older people.
- The **roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users.** Additional resources may be required to support affected service users as the rollout extends.
- Most affordable housing in Aberdeenshire is provided through section 75 agreements with developers and any slowing of the build-out rate may make affordable housing targets difficult to deliver. **Potential that funding for affordable housing cannot be spent in a slowed down market.**

### Assessment of Issues

#### 1. Demographics

Between 2014 and 2039 Aberdeenshire is projected to have a significant population increase of 19.7% - the third highest in Scotland and above the overall the Scottish growth rate<sup>117</sup>. To put this into context the growth rate over the last 25 years (1989-2014) was nearer 16%. The average percentage increase for **each** age group is 38.5%. All age groups are expected to increase however the older age groups are projected to increase at a greater rate. The pensionable age group is projected to increase by over 35% with the 75+ age group rising by over 100%. The 90+ age group is projected to increase by

220% in 2039 relative to 2014 (an increase of 4,146).

Following a period of positive migration the most recent figures show that between 2016 and 2017 Aberdeenshire's population fell by 390 people or 0.15% to 261,800. Whilst not a large drop, it is significant because this is the first time its population has fallen since 2001<sup>118</sup>. This is largely a result of a relative drop in the numbers coming in to the area since 2013/14, perhaps one effect of the prolonged low price of oil. National Insurance number (NINO) registrations to overseas workers have also dipped slightly over the past two years (2015-16).



## 2. Household Projections

The scale of the need/demand for new housing overall is largely driven by the population and household growth in the area. This in turn is dependent on a range of factors including the current population and household structure as well as the rates of economic growth, migration and incomes. National Records of Scotland – The Principal Household projections<sup>119</sup> provides a good guide to the types and numbers of households up to 2039. In Aberdeenshire the change in the projected number of households is greater than the change in the projected population (25% and 20% respectively).

In 2016 the total number of households in Aberdeenshire rose to 110,296. This is an increase of 21.4% compared with 11.7% in Scotland since 2001. The number of people moving into Aberdeenshire from Aberdeen has been steadily increasing including a net increase of 545 households with dependent children. There was a net loss of 249 households without dependent children.

The number of different types of households are expected to increase at different rates. A high rate of growth is expected in the number of single person households and housing for older people in the future<sup>120</sup>. Aberdeenshire also has a high proportion of couples, including couples with dependent children and low proportions of single adult households. The number of households with no children (including non-dependent children) rose by 38%<sup>121</sup>.

To meet demand there has been a corresponding rise in the number of dwellings of 20.0% against a Scottish figure of 11%<sup>122</sup>.

There are currently 1881 empty homes in Aberdeenshire of which 495 have been vacant longer than two years. They are a wasted resource which could be brought back into use as part of the housing supply to help meet demand.

## 3. Tenure and affordability

The lack of affordable housing has in the past made the recruitment and retention of

key workers, such as teachers, social workers, emergency services and health professionals, difficult. The need for key worker housing has lessened compared to previous years.

The reduction in oil price, followed by the subsequent downturn in the Shire and City employment market has in turn led to a reduction in market rent levels and an increase in the supply of residential property to lease.

House prices are still well above the Scottish average – In 2015 the average house price in Aberdeenshire was £235,471 compared with £174,745 for Scotland<sup>123</sup>. After a period of low activity, the housing market has started to see increased activity with 2017 sales figures 6% higher than in 2016 with values increasing by 1%<sup>124</sup>. Prices are not expected to return to the high values of 2014 in the immediate future.

Aberdeenshire's owner-occupied sector is high at 72.6% compared with Scotland at 62% and therefore has smaller social and private rented sectors. As older people look to downsize they often want to remain in the same area but have difficulty finding suitable accommodation so remain in their home.

A recent report<sup>125</sup> noted that older homeowners in poverty could have houses in poor condition. Fixing homes that are cold, dangerous and in poor repair should enable older people to stay in their homes for longer and avoid homes becoming a potential cause of ill-health. Loans and support may be required to ensure that this is done.

## 4. Aberdeenshire's Housing Stock

The authority has 12,903 properties ranging from bedsits to 4 bed or more. The pressure on these is significant with 7,280 on the waiting list. The greatest pressure is in the Garioch area with 1,928 on the waiting list of which 58% are waiting for a one bed property. Registered Social Landlords provide 9,236 properties across the City and Shire region.





Increasing the supply of quality affordable housing continues to be a key priority for Aberdeenshire Council. As well as meeting housing need and demand it also supports a strong and successful economy; and assists in creating and maintaining mixed and sustainable communities where people want to live and work taking a 'Place Making' approach. The council is working with partners to identify new funding streams for affordable housing.

The Council prioritises investment through the Strategic Housing Investment Plan to ensure a sufficient land supply is available for affordable housing. They maximise infrastructure investment including digital infrastructure.

## 5. Homelessness

The Homelessness service is demand led. Increasing temporary accommodation across all areas has been a priority for the service. A shared accommodation scheme is in place for single people where 2 single people share a 2-bedroomed property rather than stay in B&B. A housing first scheme is being piloted to help tenants with very high support needs sustain temporary accommodation property.

There has been a steady decline in the number of people presenting as homeless falling from 1,610 in 2011/12 to 1,039 in 2016/17 however the number of temporary units has almost doubled. This follows the overall trend across Scotland mainly due to the impact of housing options and homelessness prevention strategies. This can be traced back to a lack of affordable housing manifesting itself in issues of affordability or private rents or overcrowding<sup>1</sup>. The welfare reform changes arising from the UK Welfare Reform Act 2012 are likely to have a significant effect on homeless temporary accommodation.

The Housing Support Services (Homelessness) (Scotland) regulations 2012 place a duty on local authorities to assess anyone who is unintentionally homeless or threatened with homelessness who may need housing

support and to ensure the provision of support to that person. The main focus is on the prevention of homelessness before it occurs through joint working and the use of the housing options approach.

The Housing and Rough Sleeping Action Group (HARSAG) was created by the Scottish Government to look at how to reduce rough sleeping primarily over winter 17/18 and to bring an end to homelessness in Scotland. The authority's Local Housing Strategy priority: Homelessness and Housing Options has identified four key actions to help deliver this:

- Improve outcomes for homeless people
- Use a housing options approach
- Provide and review temporary accommodation
- Provide a holistic approach to housing support services

In Aberdeenshire 1,270 referrals were made to Housing Support. Examples of this are looked after children and those leaving prison who may have additional support needs. Through partnership working effective housing provision and all relevant housing related services can be provided to achieve better outcomes to meet their needs.

As a result of the work carried out by HARSAG a major element of tackling rough sleeping was to work with local authorities to transition to a 'rapid re-housing by default'<sup>1</sup> model, whereby the priority and default solution for people who are homeless or at risk of homelessness is to move them into mainstream, settled accommodation as quickly as possible.

Temporary accommodation is to be significantly reduced by reducing overall demand through prevention of homelessness in the first place and ensuring the supply of housing both for social rent, and for private rent is adequate to enable a default to rapid re-housing<sup>1</sup>. This will have significant implications for Aberdeenshire Council's Housing Service on how it manages



temporary accommodation, particularly in a rural area.

## 6. Housing and AHSCP

Housing has the potential to reduce or reinforce health inequalities. Scottish Government policy supports independent living for all ages and for people with a disability. Independent living means that people of all ages can maintain their independence and are able to access appropriate support when they need it. In many instances mainstream housing with access to support and care, services and infrastructure can meet individual needs appropriately and adequately and is the best housing solution. For others supported accommodation can also provide the necessary safety and security for some and may be the right choice to support independent living.

Older people are more likely to live alone or in a household where all persons are aged 65 or older. Unsuitable housing impacts directly on health and providing appropriate housing of suitable quality and standard offers the potential to reduce costs to health and social care and allows older people and people with a disability to remain independent. As people live longer there is a requirement for a range of housing with appropriate care and support to suit changing needs as people age.

Aberdeenshire is shifting investment to support people to live at home as their dependency increases with age. It is anticipated that there will be a reduction in people moving into residential care. Current provision will be sufficient until 2022 when demand will rise. However, it is expected that in most areas the capacity will outweigh demand.

Very sheltered housing provides independent living with more support to older people and people with a disability, with meals provision and a dedicated team of care and support on-site 24hrs a day. There are currently six very sheltered housing schemes in Aberdeenshire. It is anticipated that as the requirement for care homes decreases the demand for very sheltered housing will outweigh

availability. Across Aberdeenshire demand for very sheltered housing is expected to increase by 500% between 2012 and 2032.

Aberdeenshire continue to review the balance of sheltered housing and very sheltered housing to support the national policy direction to “Shift the Balance of Care”.

Opportunities will exist for independent housing and care organisations to develop specialist care housing.

## 7. Adapting accommodation

Particular needs housing includes housing for older people; people with learning disabilities; mental health conditions; long term conditions and therefore requires meeting the needs of a diverse population. In many instances mainstream housing with access to support and care, services and infrastructure can meet individual needs appropriately and adequately and is the best housing solution. However, supported accommodation can also provide the necessary safety and security for some and may be the right choice to support independent living.

The number of people living with dementia is expected to increase which presents challenges for Aberdeenshire. In 2016 Alzheimer Scotland<sup>126</sup> reported 4,189 people with dementia living in Aberdeenshire with 96% in the 65+ age group.

Increasing specialist design provision to meet future demand is not practicable, however well-designed housing including access to adaptations and technology enabled care can extend the amount of time a person with dementia can live at home.

There has been significant recent reduction in Scottish Government funding for adaptations carried out by Registered Social Landlords (RSL). This may lead to delays in carrying out adaptations when the funding runs out. A consequence of this will be an increase in costs for the AHSCP due to additional support requirements either at home or in a



different care setting. It might be more cost effective over the longer term to invest in adaptations sooner rather than later.

When considering the needs of disabled people Aberdeenshire will continue to improve processes for adaptations and working to enable access to suitable accommodation for people with a physical disability. Housing will work with AHSCP, disabled people, carers, and voluntary organisations to develop a strategy for disabled people to develop priorities and actions to ensure access to learning, employment, health and social care, leisure and sport and housing.

#### 8. **Housing and Fuel Poverty**

Homes with poor energy efficiency, challenging weather, and reduced heating options (especially in rural areas) can make fuel bills unaffordable, resulting in fuel poverty. A household is in fuel poverty if it would be required to spend more than 10% of its income (including housing benefit or income support for mortgage interest) on all household fuels to maintain a satisfactory regime. Extreme fuel poverty is when the spend is more than 20%.

The council is investing heavily in its own social housing stock to meet the Energy Efficiency Standard for Social Housing tackling both climate change and fuel poverty by 2020.

It also bid for and was successful in receiving £15,322,000 in funding to improve energy efficiency in the private sector housing. Community Oil Buying Clubs are being piloted in the region. The council is taking steps to alleviate fuel poverty and private sector households are being encouraged to install energy efficiency measures by participating in Scottish government schemes. Households of all tenures across Aberdeenshire have access to practical advice to change behaviours to reduce energy usage through its contract with SCARF.

#### 9. **Energy Efficiency**

At the same time, the Climate Change (Scotland) Act 2009 places a duty on public bodies to help reduce Scotland's carbon emissions. Approximately 25% of greenhouse emissions derive from houses. It aims to reduce emissions of greenhouse gases by at least 42% by 2020, as a step towards an 80% reduction by 2050.

The council is investing heavily in its own social housing stock to meet the Energy Efficiency Standard for Social Housing tackling both climate change and fuel poverty by 2020.

#### 10. **Rehabilitation / Integration**

Access to housing is a fundamental aspect of any person's effort to stop reoffending, fulfil requirements on community sentences or reintegrate back into the community after a custodial sentence or release from remand. Support from Aberdeenshire and other partners in having temporary accommodation and that support is offered and in place.

#### 11. **Universal Credit**

The launch of Universal Credit (UC) in Kincardine & Mearns identified that additional support was required from the authority to support affected residents. With payments made direct to the claimant there is an increased possibility of tenants going into rent arrears. This will in turn affect the authority's Housing Service in two ways both as a service provider and as a landlord.

Evidence has shown that increased officer time is required to monitor payments and to support tenants. In June 2018 it will be rolled out to North Aberdeenshire followed by the remaining areas in December 2018. Based on evidence from early adopters rent arrears increased initially and then reduced over an eighteen-month period. With 70% of UC claimants based in Banff & Buchan the impact on council resources will be greater in the short term than previously experienced.



## Forward Look

### 12. Housing Strategy

An evidence led Housing Strategy has been agreed for the next five years.

### 13. Potential Governance Implications

Fairer Scotland Duty will impact on issues such as planning applications for affordable housing. Access to services and transport will have to be considered and reasons given for decisions made.

Implementing Aberdeenshire Council's digital strategy is likely to further embed digital ways of working within the public sector and increasingly move transactional-based services online including those within Housing.

The decision by Scottish Ministers to overturn the decision to allow the travellers encampment at North Esk has led to a significant additional amount of the work for the authority. An expected increase in the number of unauthorised encampments may lead to a rise in tension between the settled and the traveller populations. The Council will work towards increasing Gypsy/Traveller site provision by ensuring that the sites identified within the Local Development Plan are progressed.

There is a steady demand for funding for major housing adaptations. In a similar stance to the AHSCP the Housing Service could consider making clear advice and information available and homeowners and tenants could be encouraged to take responsibility for their future housing needs.

Aberdeenshire have developed strategic housing investment plans for 2017-2022. This identifies opportunities for up to 2,135 affordable homes over the next four years subject to the build out rate of the development industry.

Future housing supply across all tenures is subject to market conditions and build-out rates of developers. As part of the land reform agenda one of the four strategic priorities of the Scottish Land Commission<sup>127</sup> is Land for Housing and

Development and will be looking at reducing ownership constraints to redeveloping vacant and derelict land for housing and other productive uses, improving land supply for housing and stimulating a more active approach to developing land in the public interest.

Aberdeenshire Council Housing Service and Registered Social Landlords have identified four themes for which they will take the lead. These are ensuring an adequate supply of houses of different tenures and sizes; developing effective and fair processes for housing adaptations and aids; encouraging meaningful involvement of tenants in service planning and delivery; and making the best use of all available sources of funding.

### 14. The Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill

A new target for fuel poverty has been set out in a bill introduced to parliament in June 2018 by the Scottish Government. The Fuel Poverty (Target, Definition and Strategy) (Scotland) Bill<sup>128</sup> sets out a new definition of fuel poverty. This will mean a household is classed as fuel poor if its required fuel costs are more than 10% of the household's income after housing costs are paid, and if that means the remaining income is insufficient to maintain an acceptable standard of living.

The proposed fuel poverty statutory target is to ensure that, by 2040, no more than 5% of households in Scotland will be in fuel poverty. This target recognises that there will always be households that move in and out of fuel poverty due to changes in their incomes and energy costs.

The supporting guidance for the bill<sup>129</sup> states that: 'Achieving these aims will mean intervening to improve people's homes and the way that they live in them in a way government has never done before to make them easier and more affordable to heat<sup>130</sup>.

There will be a significant cost to the housing sector to meet the Energy efficiency Standard for Social Housing (ESSH) by 2020, achieving a minimum band E in the private rented sector by





2022, thereafter working towards EESSH 2, a minimum of band C amongst owner occupiers and ultimately the 5% fuel poverty target in 2040. **It is estimated that it will cost around £100 million for the local authority's stock to meet EESSH by 2020.**

#### 15. **Child Poverty**

The Scottish Government has just published The Tackling Child Poverty Delivery Plan. It includes actions to tackle fuel poverty and keeping rents affordable. There are similar actions in the Housing Strategy so any work already underway will complement them.

Another action under 'Income maximisation' would see low income families claim council tax reduction. This may have financial implications for the authority.

Welfare Reforms will continue to impact demands on smaller properties.

The use of Energy Service Companies (ESCo) is something that could be investigated with a view to combatting fuel poverty in more urban areas.

#### 16. **Risk**

Affordable Housing – to increase the supply of affordable housing across all tenures. There is a risk that the Council will be unable to meet Affordable Housing targets due to the availability of suitable land and the budget implications of new build on the business plan.

The Scottish Land Commission not delivering on its Strategic priorities by 2021.

Lack of knowledge of the state of repair of owner owned housing particularly for older people.



## Statistical Overview – Selection of Latest Data

### Dwellings 2001-2016

**+20%** - The increase in the number of households in Aberdeenshire from 2001 to 2016. The change in Scotland was only 11%.

### Households

**+ 25%** - The change in the projected number of households in Aberdeenshire is greater than the change in the projected population.

### Households

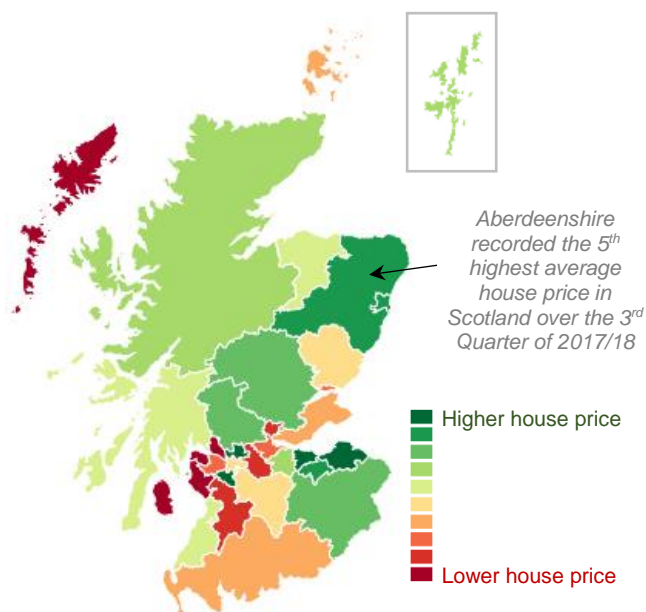
**+ 38%** - growth in households of couples with no dependent children. **+43%** - increase of single person households (Census 2011)

### Waiting Lists

**7,280** – number of applicants on the waiting list. Over 4,000 of these are for one bedroomed properties.

The Strategic Housing Investment Plans will help cut the waiting lists. The Fairer Duty Scotland will potentially assist delivery.

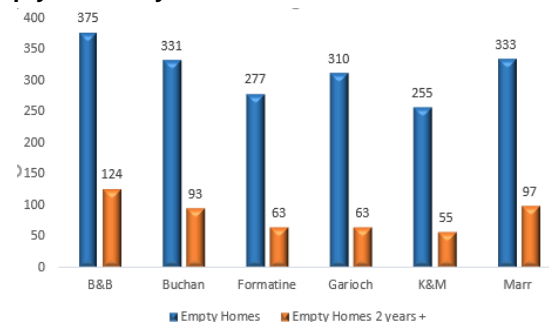
### Average House Price, Scotland, Oct – Dec 2017



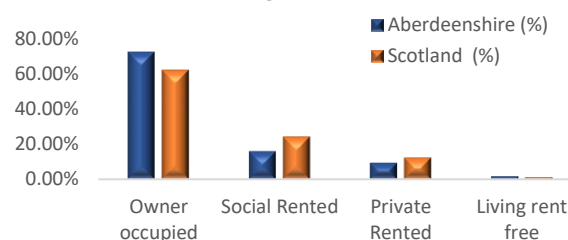
### Local Authorities with highest average house price in Scotland (Oct - Dec 2017)

Local Authority	Average House Price
East Renfrewshire	£ 259,956
Edinburgh City	£ 250,309
East Dunbartonshire	£ 248,636
East Lothian	£ 237,000
Aberdeenshire	£ 211,581

### Empty homes by Area



### Aberdeenshire's Housing Stock



Household type	Aberdeenshire	Scotland
Single Adult Aged < 65	15%	22%
Single Adult Aged 65+	12%	13%
Couple, No Children (inc. people aged 65+)	30%	18%
Lone Parent with Dependant Child(ren)	5%	7%
Lone Parent, All children non-dependent	3%	4%
Couple with Dependant Child(ren)	24%	17%
Couple, All children non-dependant	8%	6%
Other	12%	13%
All Households	104,714	2,372,777

### Commentary

The number of dwellings in Aberdeenshire increased by 20% over the period 2011-2016. Over the 25 years population growth had been 25% and there was plenty of demand for housing – particularly new housing. House prices in Aberdeenshire have historically been higher than the Scottish average. Housing continues to become less affordable despite a dip in the past couple of years (an issue the council is alive to); In 2003 they were 4.5 times annual earnings and in 2016 it was 7.1 times annual salary (median annual pay in 2017, £29,298 NOMIS). Aberdeenshire was in the top three local authorities for house building however the fall in oil price from 2014 and the resulting uncertainty within the local economy is inevitably having an impact on the housing market in Aberdeenshire. It has been projected that 1,000 housing units are required per year to meet demand. The UK government drive to reduce public sector debt and welfare reform will reduce the income of many current and prospective tenants. This will be realised on the wider economy with the impact in Aberdeenshire estimated at £28m a year, which works out at £178 for every working age adult, according to Beatty and Fothergill (2016).

Technology plays an increasing role in everyday life and is being integrated into housing service development transforming service delivery. Features such as telecare and assistive technologies are being rolled out to all sheltered and very sheltered facilities in the social rented sector. To deliver transformational services Aberdeenshire Council and partners need residents to have access to fast broadband.

There is a limited range of housing options for older people other than sheltered housing or residential care leading to a lack of affordable housing of suitable size and design to suit this client group. Building new affordable housing to meet older people's needs is a priority to enable downsizing where appropriate and provide homes that are accessible and adaptable.



## Support the delivery of the Health and Social Care strategic plan

### Key Judgements

- While acknowledging the role of the IJB, there remains **a need to ensure adequacy of resources to deliver health and social care** in Aberdeenshire. Increasing population and changes in household composition, workforce supply and the availability of financial resources will require transformation of Services. This will include delivering services digitally however the digital network is not currently capable of delivering the speed and reliability required.
- The **workforce supply issues are also shared by other public and third sector organisations**. Making the area the location of choice to attract workers and their families is key to recruitment. Investment in the digital and transport networks will play a part in this.
- **Working in partnership** Aberdeenshire Health and Social Care partnership (AHSCP) and other Council Services are ideally placed to raise the profile of health and wellbeing. This can be in their own workplaces, communities and schools encouraging pupils and staff to overcome existing behaviours and choose healthier behaviours.
- Aberdeenshire Council's Housing Service is facing the **same demographic challenges** as AHSCP. They both have the **same shared objective of increasing resilience and empowerment within the community**.

### Assessment of Issues

#### 1. Health & Social Care Partnership

The Public Bodies (Joint Working) (Scotland) Act 2014 required all local authorities and health boards to integrate adult community health and social care services.

The Aberdeenshire Health and Social Care partnership (AHSCP) made up of staff from Aberdeenshire Council and NHS Grampian was founded on 1 April 2016 and is jointly funded by its parent organisations - NHS Grampian Board and Aberdeenshire Council. The Integration Joint Board make decisions about how the funding is spent. It is accountable to the Council through the Communities Committee<sup>131</sup>. All integration joint boards

were operational in 2016/17. They are responsible for commissioning health and social care services, so councils are no longer wholly responsible for social care services.

Any future budget cuts could have an impact on the delivery of services by AHSCP and the support provided by Aberdeenshire Council and other partners. Audit Scotland will audit the effectiveness of health and social care integration in 2018.

#### 2. Demographics and Household Projections

Between 2014 and 2039 Aberdeenshire is projected to have a significant population



increase of 19.7% - the third highest in Scotland and above the overall the Scottish growth rate<sup>132</sup>. Aberdeenshire's pensionable age group is projected to increase by over 35% with the 75+ age group rising by over 100%. The 90+ age group is projected to increase by 220% in 2041 relative to 2014 (an increase of 4,146).

This pattern of demographics results in a rising demand for services without the immediacy of corresponding increases in resources.

### 3. **Workforce Supply**

The challenge to fill staffing gaps is expected to continue in the foreseeable future. There are a variety of reasons affecting recruitment however it is not restricted to health and social care. The parent organisation Aberdeenshire Council also has workforce supply issues. Having the right people, in the right place, doing the right thing, at the right time will be crucial to the success of AHSCP.

Aberdeenshire needs to become the location of choice to attract workers with the relevant skills, and their families, to live and work. Retaining staff is another challenge. Should opportunities arise in the oil industry there is the risk that staff will leave for better wages.

### 4. **Reshaping Care at Home**

Emerging solutions can help deliver more care at home through the provision of suitable accommodation and care. The right mix of housing may include care homes and very sheltered housing in locations where there is need and demand. By shifting investment to support people to live at home as their dependency increases with age it is anticipated that there will be a reduction in people moving into residential care.

There is a steady demand for funding for major housing adaptations. The AHSCP approach is to make clear advice and information available to home owners and tenants who can anticipate and take responsibility for their future housing needs.

The Anticipatory Care Strategy is aimed at empowering people to take more responsibility for their own health care: ihub<sup>133</sup> provides access to an anticipatory care planning toolkit with advice about thinking ahead. This includes access to documents where people can identify how they wish to be cared for should their health and care needs increase or circumstances change in the future.

Aberdeenshire's current provision will be sufficient until 2022 when demand will rise. However, it is expected that in most areas that capacity will outweigh demand. There could be opportunities for Council services to work with the AHSCP to support home owners and tenants to take responsibility for their future housing needs.

### 5. **Working with the Community Justice Partnership**

Community based commissioning of health and social care services means that the Courts have wider sentencing options that have better health and offending outcomes.

Keep Well is an anticipatory care programme to assist in reducing health inequalities extended to Community Justice. It targets the cyclical links between inequalities, offending, becoming a victim, fear of crime and poor health. It fits well with the existing themes and priorities including looking after and improving their own health and living longer. Aberdeenshire's Housing Service is responsible for providing temporary housing and offers of support to people leaving prison who would otherwise be homeless. Having an address helps resettle prisoners back into the community, allowing them to access more appropriate services such as primary care.

### 6. **Alcohol**

Alcohol has been identified as a key factor in explaining the significant differences in health outcomes between Scotland and the rest of the UK. It is also implicated in the country's high (and rising) levels of health inequalities. The results of a recent study suggested that outlet density might





disproportionately affect lower income groups<sup>134</sup>.

Earlier this year a new report estimating the burden of disease attributable to alcohol in Scotland revealed that alcohol was attributed to over 3,700 deaths and 41,000 hospital admissions in 2015. It was also accounted for 8% of the burden of disease in Scotland during the same period – 104,573 disease-adjusted life years<sup>135</sup>.

Aberdeenshire Community Planning Partnership (CPP) is responsible for delivering the Local Outcomes Improvement Plan (LOIP)<sup>136</sup>. One of the priorities is Changing Aberdeenshire's Relationship with Alcohol. The CPP are working with wider partners to deliver their action plan.

#### 7. **Accessing Health and Social Care**

The ability of patients to access health and social care by appropriate means is an essential component of their treatment or care pathway. The complexity of the challenge in managing journeys to health and social care is large. The projected demographics will place additional needs on the service providers to effectively meet individual needs. Coordinating it is not a one agency job - Aberdeenshire are a key driving force in helping to deliver this.

The Health & Transport Action Plan sets out how this will be done. The objective is to have high quality infrastructure for active travel and to promote, inspire and enable more people to walk and cycle as part of their everyday lives. This links in with the work being done by the Council on providing safe cycle routes and improving active travel outcomes. The Assisted Transport Policy is in place for those who require additional support in accessing health and social care.

THInC is the Transport to Healthcare Information Centre for the NHS Grampian area. It is a **joint initiative** between Aberdeen City Council, Aberdeenshire Council, NHS Grampian, The Scottish Ambulance Service and Nestrans and

provides travel advice for those attending health and social care appointments.

Of course, not all travel is essential, with the right digital infrastructure in place technology can be used to deliver services more efficiently using video and online information.

#### 8. **Accessing tools for the job**

In relation to finance the combined efficiency savings target for the North of Scotland NHS Boards, HSCPs and Lead agencies over the next three years is estimated at 12.8% of the combined budgets of the organisations. Aberdeenshire Council, AHSCP and its partners recognise that they need to transform services to overcome the financial, demographic and rural challenges. Going digital will help transform services.

Staff need to have access to the digital information, tools, and services they need to help maintain and improve health and wellbeing. There are technological challenges for AHSCP in being able to have systems in place that can be accessed by health **and** social care staff.

As well as streamlining processes technology has another role to play in communicating differently with service users. Limited access to digital technology is most likely to affect vulnerable and excluded groups. Improving fast broadband access across Aberdeenshire and supporting partners to provide appropriate support will help deliver these services.

Digital should not be the only way to access council and health services, but it should be an efficient and easy option of communication for those who choose to use it<sup>137</sup>. Public and partner engagement will also inform and raise awareness.

## **Forward Look**

#### 9. **Fairer Scotland Duty**

The Fairer Scotland Duty Part 1 of the Equality Act 2010 comes into force in Scotland from April 2018. It places a legal responsibility on public bodies in Scotland



to actively consider (pay 'due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. The IJB and Aberdeenshire Council are covered by the Duty.

The new Duty should enable Aberdeenshire to do things differently and to put tackling inequality genuinely at the heart of key decision making as it supports delivery of the AHSCP strategic plan.

#### 10. **Community Involvement**

There are opportunities to raise the profile of health and wellbeing to encourage people to take responsibility for their own lifestyle ensuring that health and social care services are targeted on those that need this the most. Aberdeenshire Council including AHSCP need to consider carefully how to change behaviours of people in order to overcome resistance.

Locality Plans based on the six Areas in Aberdeenshire (2018-21) have been endorsed by the integrated Joint Board (May 2018). A wide variety of engagement and consultation across Aberdeenshire informed the Locality Plans.

#### 11. **Access to Health & Social Care Services for the future**

The demographics as noted elsewhere indicate that the need for healthcare will increase more rapidly given the projected increase in the 75+ population.

Population, distribution and geography are major factors in the North. AHSCP have many buildings that are not fit for purpose, cost effective to maintain or in the best place to respond to the changing needs of the local population. This may have an impact on access for some residents<sup>138</sup>.

In 2017 a new collaboration aimed at improving health and social care in the North of Scotland was initiated. Health and social care partners in the North of Scotland prepared a draft H&SC Delivery Plan for the period 2018-2021. This is now expanding to include local authorities, education, third sector and private sector partners to ensure that services are

transformed for the benefit of the population of the North as a whole<sup>139</sup>.

The plan aims to identify those priorities and actions that can only be done, or are more efficient and effective, to be taken forward by the partners working in collaboration.

The case for change is clear: significant financial and workforce supply challenges, combined with the needs of an increasingly elderly population, mean that services need to transform rapidly, as does the relationship between the population and the services they receive.

The plan proposes that this will be done through service transformation and changing relationships. This will include delivering services digitally.

The development of the digital infrastructure for the North of Scotland cannot be applied without a comprehensive programme to improve access to mobile, broadband and 4G with the aspiration to match urban network speeds and reliability in urban settings.

Both the Council and AHSCP will need to ensure that they have staff with the right skills to maximise the potential of new digital technologies<sup>140 141</sup>.

The current AHSCP strategic plan finishes March 2019 and a new 5 year Strategic Commissioning Plan will commence April 2019.



## Statistical Overview – Selection of Latest Data

### Access

More than **12 million** journeys are made to hundreds of locations in the Grampian region comprising over **100 million** km of travel.

### Older Population

The pensionable age group projected to rise by over 35% with the 75+ age group rising by to 94.2%. The 90+ age group projected to rise by 220% by 2041 to 4,146.

### Resourcing

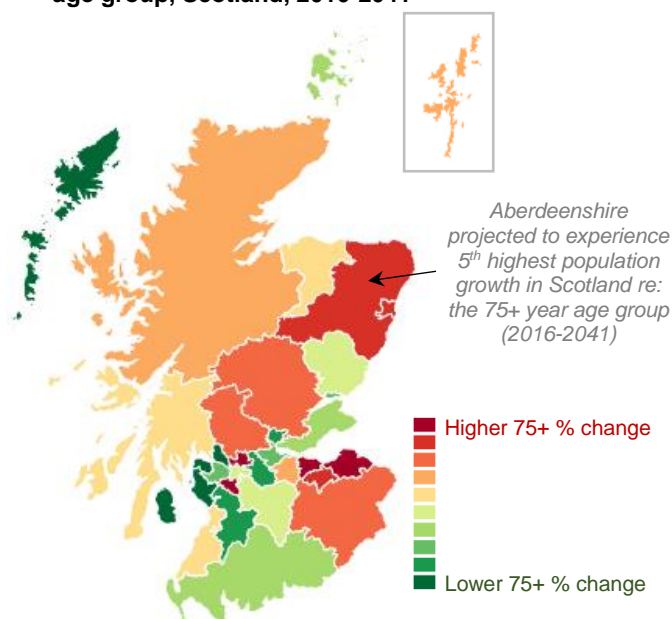
**£91m** - The amount spent by the three North NHS Boards on temporary staff to fill staffing gaps during 2016/17. Recruitment is an issue for all partners.

### Reshaping Care at Home

Government policy supports independent living for people of all ages and access to appropriate support when needed.

This includes the provision of appropriate housing sometimes with adaptations and in some case supported accommodation.

### Projected Percentage Population Change in 75+ year age group, Scotland, 2016-2041

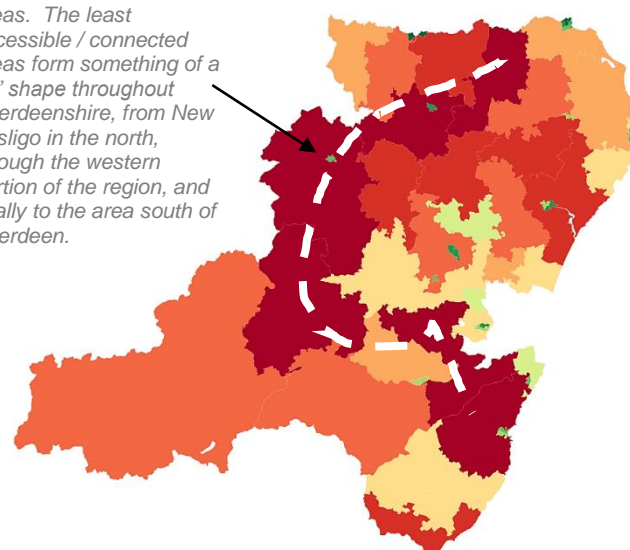


### Local Authorities with highest % change in over 75 population in Scotland (incl. Dundee), 2016-41

Local Authority	% change in 75+ population
West Lothian	119.7
East Lothian	103.7
Midlothian	100.0
Clackmannanshire	99.5
Aberdeenshire	94.2
Dundee City (ranked 32 <sup>nd</sup> )	45.6

### Selection of indicators highlighting accessibility / connectivity per Aberdeenshire Intermediate Zone

Urban areas are generally more accessible / connected than rural areas. The least accessible / connected areas form something of a "G" shape throughout Aberdeenshire, from New Pitsligo in the north, through the western portion of the region, and finally to the area south of Aberdeen.



### KEY

Relatively poor accessibility / connectivity

Relatively good accessibility / connectivity

### Commentary

Currently accessing Health and Social Care provision means being able to travel to appointments. The geographic nature of Aberdeenshire makes this difficult. In many cases private transport is the main option for many or an ambulance. Better coordination of transport to and from appointments is being handled through THInC – part funded by Aberdeenshire Council. As AHSCP looks to transform services through technology, other options become available. Digital technology has the potential to empower people to more actively manage their own health close to home and be a core driver of efficiencies in using financial and staff resources.

Digital health and care needs an infrastructure in place that can deliver services reliably. The current state of the infrastructure is mixed with urban areas enjoying more digital connectivity than rural areas. Evidence also shows that areas experiencing slower download speeds may spend less time online. If the systems don't work, people are less likely to use them and the expected returns on investment will not materialise. Investment in digital infrastructure will need involvement from Aberdeenshire in order to progress improvements in the infrastructure.

In order to enable more people to stay at home there has to be a sufficient supply of suitable housing. The Health and Social Care partnership is involved with the Housing Service at a strategic level to plan for provision of accommodation for people to be able to stay at home. This approach is clearly reflected in the Aberdeenshire Local Housing Strategy 2018-2023.



8



## Work to reduce poverty and inequalities within our communities

### Key Judgements

- **Poverty rates in Scotland appear to be rising slowly** along with income inequality after a decline following the recession. At the same time household income (before housing costs) has risen. **Income in Aberdeenshire is higher than Scotland's average, but housing costs are also above average.**
- Aberdeenshire is often thought of as a region without poverty. Indeed, it includes two parliamentary constituencies with the lowest levels of child poverty in Scotland and the UK. However, **there are issues with poverty such as fuel poverty, in Aberdeenshire leading to inequality for some people.** The Scottish Government has committed local authorities to reducing inequalities of outcome caused by socio-economic disadvantage.
- **Experiencing or growing up in poverty affects people's lifelong decision-making style.** People living in poverty make decisions based on coping with present stressful circumstances often at the expense of future goals. This means that people may not reach their true potential and never climb out of poverty.

### Assessment of Issues

#### 1. Poverty Definitions

Poverty isn't clear cut so there are several measures available. The main figures used by the Scottish Government are referred to as **absolute and relative** Poverty, measured before and after housing costs<sup>142</sup>. **Relative poverty** generally means that a person can't afford an 'ordinary living pattern'<sup>143</sup> and are excluded from the activities and opportunities that an average person enjoys. A household is in relative poverty (also known as relative low income) if its income is below 60% of the median household income. This measures spending power so it counts incomes after taxes and benefits. Household incomes also take into account the number of adults and children who live there. There are different poverty thresholds for different household sizes.

**Absolute poverty** measures whether incomes for the lowest income households, those living in households with equivalised net incomes of less than 60%, are changing in line with inflation (i.e. maintained over time).

**Combined low income and material deprivation** is the percentage of households living in low income that lack certain basic necessities. Low income here is defined as equivalent net household income of less than 70% of the UK median household income.

**Persistent Poverty** is when a household is living in relative poverty for at least three years out of a four year period.

The measures listed above are then looked at in two ways – **Before Housing Costs (BHC)** and **After Housing Costs (AHC)**.





## 2. Current status

After a period of stability in levels of poverty over the past decade most rates<sup>144</sup> have started to rise slowly. Income inequality appears to be rising after a decline following the recession. Statistics show the incomes of poorer households fell further behind those of middle income households in recent years, pushing more people into poverty. There is evidence to suggest that low income households – especially families with children – are falling further behind. Median income has reached the highest level since reporting began. Levels in Aberdeenshire are above the national average.

The majority of household income comes from earnings or social security payments. Higher income households receive a large proportion of income from earnings, and lower income households more of their income from social security payments.

**Approximately 6% of Aberdeenshire's working age population is income deprived<sup>145</sup>.** It is one of the lowest rates in the country but **in some areas of Aberdeenshire it rises to 25% - almost double the national average.** Increases in the cost of living may exacerbate the situation for them.

Relative poverty is rising slowly. It is estimated that 16% of Scotland's population, or 860,000 people each year were living in relative poverty before housing costs in 2014-17 compared with 15% in the previous period. After housing costs, 19% of Scotland's population, or 1 million people each year, were living in poverty in 2014-17, the same as 2013-16. Poverty rates before housing costs in Scotland have been falling since the late nineties, but recent years' data suggest a slow increase since the recession. After housing costs, relative poverty rates have been rising since the all-time low from 2011-14.

Absolute poverty has fallen. After housing costs, 17% of Scotland's population were in absolute poverty. The gap between the before and after housing costs measure had widened in recent years and remained steady in 2014-17.

## 3. Child Poverty

It is estimated that 29% of children (180,000) each year were in relative poverty before housing costs in 2014-17 compared with 17% in the previous three year period. The gap between absolute poverty rate for children before and after housing costs has widened in recent years. Overall Aberdeenshire has relatively little child poverty – in fact the parliamentary constituencies with the lowest levels of child poverty in the whole of the UK are West Aberdeenshire and Kincardine and Gordon with less than 10% (BHC).

However, the most recent figures from End Child Poverty show that there are **3,888 children in poverty BHC and 6,365 children classed as in poverty AHC.** Across Aberdeenshire the levels of poverty by Data Zone range from 2.82% to 13.06% BHC and 4.71% to 20.89% AHC.

The Scottish government has just released 'Every Child, Every Chance': The Tackling Child Poverty Delivery plan 2018-22<sup>146</sup> which requires local authorities and health boards to publish annual reports on activity to tackle child poverty in their area. This will include the Aberdeenshire CPP's LOIP priority to Reduce Child Poverty, led by the Tackling Poverty and Inequalities (TP&I) group

## 4. In-Work Poverty

More recently the phrase 'in work poverty' has been repeated more often. In work (or working) poverty refers to paid employment. At least one member of the household is in either full or part-time paid work, but where the household income is below the relative poverty threshold.

It is estimated that in 2014-17, 65% of children in relative poverty before housing costs, or 120,000 children each year, were living in working households, compared to 63% in the previous period. After housing costs, 65% of children in poverty were living in working households, compared to 64% in the previous period.

Working age adults are considered to be in poverty if they live in a household in poverty. In 2014-17, 58% of working-age



adults in relative poverty before housing costs were living in working households. After housing costs, this was 59% of working-age adults. In-work poverty has continuously increased since 2011-14, and both, before and after housing costs measures were at an all-time high in 2014-17 since reporting began. There are now a larger number of lower income households in employment, but this does not guard them against poverty. In-work poverty has shown a long term rising trend since 2009/10. This is explained by changes in the employment market with many low-income households working part-time.

#### 5. **Persistent poverty**<sup>147</sup>

Persistent Poverty identifies the number of individuals living in relative poverty for three or more of the last four years. It therefore identifies people who have been living in poverty for a significant period of time, the rationale being that this is more damaging than brief periods spent with a low income, with the impacts affecting an individual through their lifetime.

For most groups of the population the persistent poverty rate after housing costs is greater or the same than that before housing costs. The opposite is true for pensioners – the majority are homeowners and so have lower housing costs.

Pensioner material deprivation is different to other measures of poverty in that it is not associated with an income threshold. It captures issues such as whether poor health, disability and social isolation prevent access to goods and services, rather than solely income. It has shown a slight decrease over the past two years but more data is required for trend analysis.

With the projected increase in older people the number of pensioners in persistent poverty will rise.

#### 6. **Gender and poverty**

Poverty in working age women is higher for than men in recent years (24% vs 20%). After housing costs, it rises to 30%. Around 90% of lone parents are women so the poverty rate for all single working-age women will see a larger increase than

for men when lone parents are included. The women are more likely to work part-time due to childcare issues however they may benefit from the increase in free childcare hours.

For the past ten years the poverty rate before housing costs for single female pensioners has been higher than that for men (23% vs 17%). After housing costs 18% of single female pensioners and 11% of single male pensioners were in poverty after housing costs. Female pensioners are on average older than male pensioners because of their longer life expectancy. Older pensioners may also have lower incomes due to different income sources.

**Under occupation of properties** for this age group is high as is estimated at 41%<sup>148</sup>. The waiting lists for 1 bedroomed properties in Aberdeenshire is high and it would take 10 years to clear the **current** waiting list.

People from ethnic backgrounds are more likely to be in poverty compared to those from the 'White – British' group. The poverty rate amongst the 'White-Other' group is similar to that of the 'White – British' group before housing costs but rises well above it after housing costs.

Poverty rates remain higher for families in which someone is disabled. There are additional costs associated with disability and they can vary in level and nature. If DLA, AA and PIP are excluded, comparisons with households where nobody is disabled can be made on a like for like basis. After housing costs, the poverty rate was higher for individuals in families with a disabled family member was 29% and 16% for individuals without a disabled family member.

A household is in fuel poverty if it spends 10% of income (including housing benefit or income support for mortgage interest) on all household fuels. Extreme fuel poverty is when the spend is more than 20%. Aberdeenshire has a fuel poverty percentage of 35% compared to Scotland at 31%<sup>149</sup>. The extreme fuel poverty level is 14% compared to Scotland which has



9% of households living in extreme fuel poverty.

Social housing is included in these figures – the council and other agencies are investing heavily in their own social housing stock and at the same time contributing to carbon reduction targets and sustainability. The council also works with the private sector to source funding for improvements in energy efficiency and to change behaviours of households. Not being able to afford to heat your home is a contributing factor to ill-health and has potentially life-threatening implications for older people.

Fuel poverty also includes transport. Aberdeenshire generally compares rather favourably relative to other areas in Scotland with regards to the SIMD domains. The only exception being Geographic access to services. 129 of Aberdeenshire's 340 data zones are in the most deprived quintile (20%). The more rural communities have challenges in accessing affordable transport.

The most recent statistics released by the Scottish Government on bus accessibility<sup>150</sup> shows Aberdeenshire compares poorly relative to other parts of Scotland. When compared against areas that share similar urban/rural characteristics, Aberdeenshire still ranks poorly relative to these areas. Car availability varies by rurality of the area and net annual household income. There is a general trend of increasing car ownership as the level of rurality increases.

Outright ownership can largely reduce poverty AHC however for older people their homes may need essential repairs/upgrades especially in terms of energy efficiency improvements to bring them to a decent standard. This would help them stay in their homes longer.

Free school meals are one indicator of household poverty. The % of school pupils registered for free school meals at primary level is 7% (from P4 upwards) and the secondary level is 6%. Not everyone who

is entitled to free school meals takes them up however evidence shows that uptake increases when all children have access to free school meals e.g. P3.

## 7. Inequality

Although outcomes are generally improving for most people in Scotland<sup>151</sup> they are not improving fast enough for the poorest sections of our society. Those who have least access to income, employment, and good housing experience higher levels of ill health; often have less physical and psychological resilience to meet challenges; and less power and influence to effect change.

There is a proven<sup>152</sup> cyclical link between inequalities, offending, becoming a victim of crime, the fear of crime and poor health. Employment, access to suitable housing and financial difficulties are recognised as additional complex needs that people who have committed offences may present. By working together to address these underlying needs, through the priority of equitable access to services, Community Justice Partners may have an indirect impact on the LOIP priority of Reducing Child Poverty.

The gap in health outcomes between the most deprived and least deprived areas of Scotland is reported for a variety of indicators in relative and absolute terms including health life expectancy, premature mortality, and a range of morbidity and mortality indicators relating to alcohol, cancer and coronary heart disease.

The Relative Index of Inequality (RII) indicates the extent to which health outcomes are worst in the most deprived areas, compared to the average throughout Scotland. It is possible for absolute inequalities to improve, but relative inequalities to worsen. Relative inequalities in alcohol related hospital admissions have remained highest over the longer term. Aberdeenshire's relationship with Alcohol is one of the three priorities of the LOIP. 19.19% of Aberdeenshire's residents reported that they had a long term physical or mental health condition.



Poverty and inequality not only diminish opportunity and life experience, they detract from Scotland's economic success and wellbeing as a nation. Tackling inequalities, therefore, remains a major challenge. Decisions and behaviours play a vital role in helping people to avoid and escape poverty. Recent research carried out by the Joseph Rowntree Foundation experiencing or growing up in poverty affects people's lifelong decision-making style.

Low socio-economic status is associated with worse performance in tasks measuring academic ability, and also in measures of the underlying cognitive resources needed to perform well in school. They believe that they are not able to learn new skills and succeed at tasks. They are less likely to perceive that their actions will affect how their lives turn out<sup>153</sup>.

Living in poverty is associated with feeling excluded from society which may explain its link to increased levels of aggression at school and in neighbourhoods. By shifting the focus away from the specific kinds of decision (e.g. family, education and financial) to the psychological, social and cultural processes informing decision making in general policy makers can address areas that affect people in poverty in a broad set of contexts.

Whilst disabilities like hearing loss and visual impairment are fairly evenly distributed through the Aberdeenshire population, physical disabilities, and learning disabilities and in particular the prevalence of mental health conditions shows a positive association with **deprivation**. The inference from this is that deprived communities in Aberdeenshire are spending a considerable period of their lives in a poor state of health and if they are men, their lives are significantly shorter than their wealthiest neighbours.

The incoming Fairer Scotland Duty will place an onus on public bodies such as Aberdeenshire Council, IJB and SPA to actively consider how they can reduce

inequalities of outcome in any major strategic decision they make and then prepare and publish a written assessment showing how the decision was made.

## 8. Education Poverty

To improve the socio-economic opportunities you have to improve literacy and educational rates. If disadvantaged children and young people cannot access IT hardware and broadband services at home they may find homework challenging and this can then impact on the attainment gap.

New digital skills tutors have been put in place to support those that are digitally excluded and outreach workers have access to technology which can give clients access to the internet. Broadband availability is being increased across Aberdeenshire. The authority is working with Aberdeen City and NHS Grampian to bid for monies to build new fibre infrastructure which would connect/upgrade over 200 public buildings and pass within financially viable connection distances of approximately 2400 SMEs and 9400 homes within the City Region Deal area. The cost of the project is around £12m with the balance of monies coming from City Region Deal funds.

## 9. Tackling Poverty & Inequality

Aberdeenshire setup the Tackling Poverty and Inequalities Group (TP&I) in order to improve the lives of disadvantaged people and areas in Aberdeenshire.

Whilst Aberdeenshire compares favourably with the rest of Scotland in its overall rate for employment, there are some concentrated areas of deprivation in Fraserburgh and Peterhead. The Tackling Poverty and Inequalities Group prioritises taking action on employability, financial inclusion, youth unemployment and information and advice services. Some of the actions being progressed under this priority include:

- Engaging with employers and working in partnership to deliver skills training, to ensure appropriately trained people are available for hard to fill vacancies





- Increasing employment opportunities through Community Benefit Clauses in the procurement system
- Working in partnership to ensure all young people who are not in a positive and sustained destination have an activity agreement
- Recognising and supporting vulnerable customers through the Universal Credit journey towards or into work

## Forward Look

### 10. Strategic Interventions

There is one Strategic Intervention (SI) intended to tackle poverty and inequality in Scottish society, entitled **Social Inclusion and Poverty Reduction**<sup>154</sup>.

**Aberdeenshire Council are one of the lead partners for this SI.**

It aims to:

- encourage people to participate in society through promoting equal opportunities;
- increase the money available to, and money-management skills of, the most disadvantaged individuals and households;
- help disadvantaged people from workless, single-parent and low-income households to increase skill levels and find work;
- enable disadvantaged communities to develop long-term solutions for reducing poverty;
- promote the creation of, and participation in, social enterprises;
- increase the sustainability and capacity of Scotland's non-profit sector; and
- support and encourage innovation around social issues

### 11. Child Poverty

LOIP – One of the three priorities is 'Reducing Child Poverty'. Research to support the work has been carried out by Poverty Alliance and Professor John Kendrick (Glasgow Caledonian University). The report<sup>155</sup> has been published and an action plan is being

prepared and will be discussed at the CPP Board in September 2018. TP&I group will be leading on the action plan.

The Child Poverty (Scotland) Act 2017 places a statutory duty on the council and NHS to prepare an annual report that identifies what action has been taken in the previous 12 months and what action will be taken in the future to reduce child poverty.

### 12. Cultural Strategy 2018-2028

The Council's Cultural Strategy 2018-2028 (approved by Full Council April 2018) is based on increasing inclusion across our communities by tackling inequalities and promoting diversity. It will be used to close the attainment gap through targeted intervention using culture. The council will work with AHSCP and others to support programmes which deliver good mental health and improve life chances<sup>156</sup>.

## Statistical Overview – Selection of Latest Data

### SIMD Deprivation

**2%** - Aberdeenshire has <2% of the 20% most deprived DZ in Scotland. However 46% of DZ are in the bottom quartile nationally.

### Child Poverty

**12.59%** – Aberdeenshire has the 9<sup>th</sup> lowest level of Child Poverty across the UK after housing costs. Within the authority levels range from 4.71% to 20.89%

### Household Income

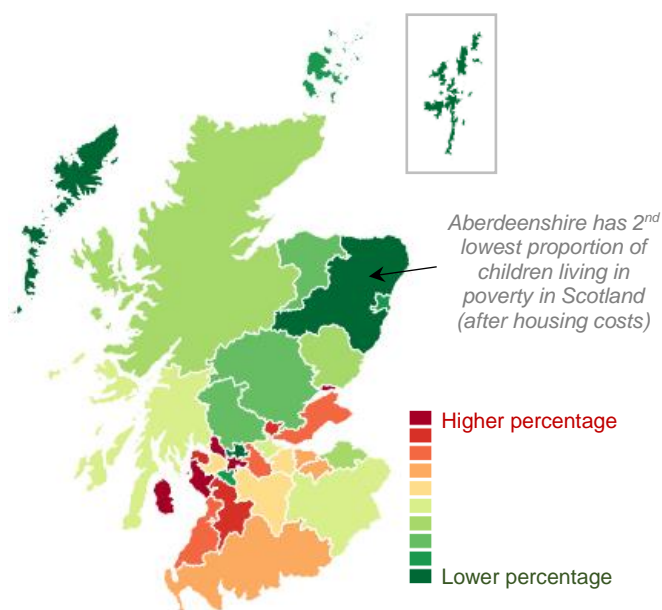
**£566** – a 0.7% fall year-on-year and the lowest figure since 2012. Median income (BHC) was £485 (its highest level).

### Ethnicity and Gender Poverty

People from minority ethnic (non-white) groups are more likely to be in poverty BHC and AHC. AHC, poverty for working age women

is higher than that of working age men (**30% to 26%**). AHC **18%** single female pensioners and **11%** of male pensioners were in poverty.

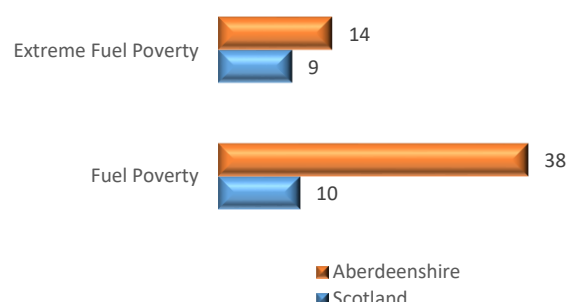
### Percentage of children in Poverty (after Housing Costs), Scotland, 2017



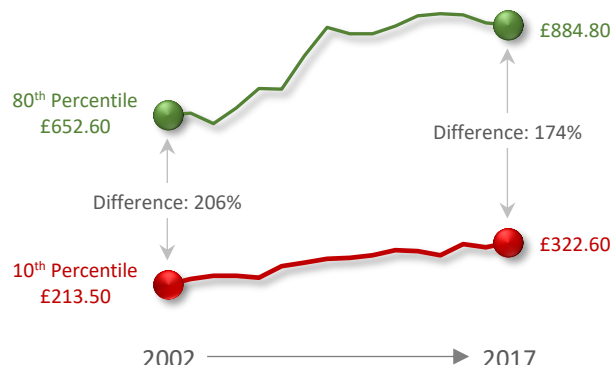
### Local Authorities with lowest levels of child poverty in Scotland (incl. Glasgow), 2016

Local Authority	% children in poverty
Shetland	9.39
Aberdeenshire	12.59
Eilean Star	14.87
East Dunbartonshire	15.21
East Renfrewshire	15.55
Glasgow City (ranked 32 <sup>nd</sup> )	34.31%

### Fuel Poverty - Percentage of households, Aberdeenshire, 2016



### Wage disparity between highest & lowest earners in Aberdeenshire (gross weekly pay for full time workers), 2002-2017



### Commentary

Aberdeenshire is not a very deprived area except in the geographic sense. It should be noted that geographic deprivation does not necessarily translate into overall deprivation. A large proportion of those in the most geographically deprived areas tend to experience some of the best outcomes in the country in relation to health, income, and employment.

There is a high level of fuel poverty across Aberdeenshire – most notably in rural areas. Contributing factors are poor energy efficiency of housing through low levels of insulation or old or inefficient heating systems, low income which is often linked to absolute poverty and high fuel costs including use of expensive fuel sources or inappropriate tariffs. Many of the Council's Housing Strategy Action plan are very similar to those proposed by the Scottish Government's The Tackling Child Poverty Action Plan 2018. New legislation is due later this year 'The Warm Homes Bill' and will include a new statutory fuel poverty target focusing on those most in need.

The lowest levels of child poverty can be found in two of the parliamentary regions in Aberdeenshire. However within Aberdeenshire there are areas where child poverty is more prevalent.

Wage disparities exist within Aberdeenshire between the highest and lowest earners, albeit the gap has narrowed since 2002. Nonetheless, Aberdeenshire's wage disparity of 174% in 2017 is bigger than both Scotland (150%) and the UK (165%).

The difference between Aberdeenshire's 10th percentile earners in 2017 (£322.60) and the median wage (£566.10) is 75.5%. Again, the difference is greater than Scotland (70%) and the UK (72%).

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## Deliver responsible, long-term financial planning

### Key Judgements

- Councils in Scotland received a further **real-terms reduction in their funding** from the Scottish Government in 2018/19, reflecting the overall trend and direction of travel. This is against the backdrop of **increasing cost pressures**, and, in the context of Aberdeenshire, a relatively low Settlement Grant per head of population. The greatest stress on future budgets (besides real terms reductions) will likely come from **demographic changes**. Challenges will be particularly acute in Aberdeenshire, with relatively large proportional increases projected at both ends of the age spectrum.
- **Single-year settlements remain challenging in terms of long-term financial planning.** The absence of future figures increases the level of assumptions required to produce balanced budgets. The merits of a multi-year Settlement continue to be expressed to the Scottish Government, and should continue to be expressed at every appropriate opportunity in order that the Council can better deliver on this particular priority.
- **Checks and balances within the system locally appear robust and fit for purpose.** The Medium Term Financial Strategy provides a structured approach to financial planning across Services, and associated reporting and risk processes ensure that an appropriate level of financial scrutiny is maintained throughout the year.

### Assessment of Issues

#### 1. Financial Context

Council revenue funding from the Scottish Government has fallen in real terms by 9.6% between 2010/11 and 2018/19. This has presented councils with a major challenge in delivering services whilst making savings.

Some national policies, and ongoing spending commitments such as pension and debt costs, mean there are limitations on where councils can make savings. Smaller service areas, which often include important regulatory functions, have seen the biggest budget reductions, while education and social care services take up a growing proportion of council spend<sup>157</sup>.

#### 2. Medium Term Financial Strategy and Financial Scrutiny

Aberdeenshire Council invests nearly **£1 billion per year**, delivering a multitude of services across the activities of the General Fund and Housing Revenue Account via revenue budgets, capital plans, reserves and the Integrated Joint Board responsibilities.

The Medium Term Financial Strategy (MTFS) provides a **structured approach** to financial planning across Services. This approach has proved particularly important when combining service delivery considerations and financial planning in an environment of increasing demands, limited resources and single year Settlements.

**Checks and balances within the Aberdeenshire Council system appear robust.** Budget pressures are



continuously reviewed as part of the budget monitoring process during each financial year. Reporting financial information to each Policy Committee with an overall report to Council has proved beneficial in terms of challenge and understanding and has **enhanced the level of financial scrutiny**<sup>158</sup>.

In addition, the Audit Committee has a remit to review the adequacy of internal control systems, policies and practices employed to ensure compliance with relevant statutes, directions, guidance and policies, financial information presented to the Council, and risk assessment arrangements and procedures<sup>159</sup>.

### 3. Risk Management

Over recent years Aberdeenshire Council has **embedded a risk management culture** within the organisation and has created Risk Registers.

The risk register process is used by the Council to identify, assess, manage, monitor and report on its strategic and operational risks. It captures information on the risks arising from key processes, systems and service activities. It enables the Council to assess both its inherent and residual risk exposure and determine its **approach to managing risk**.

Maintenance of Risk Registers are required at both Corporate and Service level, and are updated every 6 months. The Risk Registers are subject to **review and challenge** by the Risk Manager prior to acceptance by the appropriate Director.

Within a financial context, Services continue to practice a more risk-based approach to budget management which recognises that budget variances are likely to occur. These variances, when identified, are discussed, implications are considered and appropriate action is subsequently taken to reduce, limit or otherwise avoid the financial consequences<sup>160</sup>.

### 4. Revenue Budget (2018-2023) and the Local Government Finance Settlement (2018/19)

The Revenue Budget mainly covers day-to-day expenditure of the Council.

A key determinant of the budget is the **Revenue Support Grant** from the Scottish Government which provides approximately 55% of the Council's funding. Aberdeenshire Council's revenue allocation for 2018/19 is £403.767 million, which is £2.219 (or 0.5%) below the expectation<sup>3</sup>. Council Tax levels are significant as this contributes to the funding of the Revenue Budget. Aberdeenshire Council's overall revenue budget for 2018/19 is **£542.885 million**.

Aberdeenshire, Aberdeen City and Edinburgh City Councils receive the **lowest revenue allocation per head** of population in Scotland. This is because these local authorities receive a **high proportion of income from Council Tax** compared to the Scottish average, which has an impact on the Total Revenue funding provided by the Scottish Government<sup>161</sup>.

### 5. One-Year Settlements

A one year Settlement was again received for the 2018/19 budget process. **The merits of a multi-year Settlement continue to be expressed** to the Scottish Government to enhance the accuracy of future years' budget setting<sup>162</sup>.

The absence of future figures increases the level of assumptions required to produce balanced budgets. Among other things, it impacts on the level of certainty about borrowing decisions and the level of Capital Grant that will be received beyond the current financial year<sup>163</sup>.

The case for multi-year budgets has been backed by the Scottish Parliament's Local Government and Communities committee<sup>164</sup>. It warned that the approach councils were forced to take to annual budgets was not conducive to good financial planning and potentially hinders the essential redesign of services<sup>165</sup>.

<sup>3</sup> These figures do not include additional funding which has yet to be announced at a Local Authority level. However, any additional funding is likely to be matched with additional expenditure in order to deliver the service





## 6. Capital Plan 2018-2033

The Capital Plan sets out the Council's priorities for delivering significant projects such as schools, roads, depots, infrastructure projects and improvements to Council Housing stock.

Investment of some **£860 million** is planned in Aberdeenshire over the 15-year period of the Plan.

The nature of a Capital Plan is such that large projects can be complex and, on occasions, can take longer to deliver than originally expected. However, the Council has developed processes within the aim of delivering projects on time and to budget. There continues to be a demand from Services for additional investment in the Capital Programme. This is to be seen in context with the Longer Term Financial Strategy.

Capital investment funded from borrowing rather than third party contributions, grants or capital receipts attracts capital financing charges. Provisional figures suggest these charges will increase from £30.34 million (or 5.59% of total revenue streams) in 2018/19 to £35.46 million (or 6.53% of total revenue streams) in 2022/23 – an increase of approximately £5 million in cash terms. **Higher interest rates in future may have negative cost implications.** However, this should be viewed in the context of the potential benefits derived from such investments over a period of years (in some cases decades).

## 7. Housing Revenue Account (HRA) Budget

The HRA is a statutory earmarked account whereby all income and expenditure generated from the rent and service charges levied on Council tenants is to be used to fund the maintenance and management of Council Houses to the benefit of tenants.

The HRA revenue budget and capital budget for 2018/19 amounts to **£60.744 million** and **£49.959 million** respectively.

There will be **increased pressure** on the HRA capital programme over the next few

years due to the requirement to meet the Energy Efficiency Standard for Social Housing (EESH) and the Council's contribution to the Scottish Government's new affordable housing targets (whilst maintaining rents at levels affordable to tenants under new welfare reforms).

All of these factors are **modelled within the 30-year business plan** to ensure that the level of expenditure and rental strategies do not jeopardise the affordability and sustainability of the plan in the long term<sup>166</sup>.

## 8. Reserve Funds

Aberdeenshire Council holds reserves for three main reasons: (1) to cope with any unforeseen events; (2) to carry out statutory duties; and (3) for specific purposes that the Council has determined as a priority.

The Council holds three types of usable reserves, with a balance of £33 million (as at November 2017):

- Working Balances (General Fund and HRA) - £8 million;
- Earmarked Reserves – £20 million;
- Statutory Reserves - £5 million.

The Council is operating in a challenging environment and the proposed reserve positions are part of an approach to long term financial planning; reserves provide an opportunity to proactively address these challenges and the strategic priorities of the Council.

In order to maintain a Minimum Working Balance of £9 million, the current year's General Fund revenue budget will require to break even. The trend over recent monitoring reports supports this position, but it is still recognised as a major risk.

A full review of reserves will be undertaken and findings reported back to Council<sup>167</sup>.

## Forward Look

### 9. Financial Outlook

Councils in Scotland received a further **real-terms reduction** in their funding from



the Scottish Government in 2018/19, reflecting the overall trend and direction of travel. In future years, the emphasis will likely continue to be on how to **reduce costs whilst maintaining service delivery** and managing residents' expectations.

Councils and IJBs also deliver key Scottish Government policies and priorities, such as in education and free personal care for older people. Councils must spend some of the money they receive delivering these priorities. This can restrict the overall flexibility in budget setting<sup>168</sup>. The amount of money not for specific purposes has fallen at a faster rate than total revenue funding (10.5% cent compared to 9.6 % since 2010/11). This could cause tensions for councils in delivering local and national priorities. This practice will likely continue in future, especially if certain issues of national importance (e.g. education, or health and social care) are perceived to be failing nationally.

At the same time councils face increasing spending obligations through UK and Scottish Government policy priorities for which they do not always receive additional funding. In addition to those set out elsewhere in this chapter, there are a number of additional cost pressures. For example: the end to the public sector pay gap; the apprenticeship levy; equal pay claims; and any future increases in national insurance contributions.

As intimated elsewhere in this chapter the **one-year Settlement process makes it challenging** to forecast future budgetary issues.

#### 10. Demographic Changes

The demographics of Aberdeenshire continue to show a general rise in population with a specific increase in age profile of the population. The associated challenges are well known. However, between 2016 and 2017 **Aberdeenshire's** population fell by 390 people or 0.15% to 261,800. Whilst not a large drop, it is significant because this is the first time its population has fallen since 2001<sup>169</sup>. This is largely a result of a relative drop in the

numbers coming in to the area since 2013/14, perhaps one effect of the prolonged low price of oil. Ten other local authorities in Scotland saw their populations decrease, although Scotland showed an overall increase between 2016 and 2017.

**Providing care** for a rising ageing population where people live with multiple conditions, an increase in pupil numbers and early years' childcare, as well as changes due to learning disability clients and child placements – all these will inevitably result in **rising demand for services** without the immediacy of corresponding increases in grant.

Additional funding was included within the 2018/19 revenue Settlement to support additional investment in social care. This was in recognition of a range of pressures on local government, including support for the implementation of the Carers (Scotland) Act 2016. Aberdeenshire's share of the £66 million national fund is £2.716 million, and this is baselined within the overall £403.767 Settlement. The majority of this funding is associated with Health & Social Care Partnership responsibilities and the vast majority of monies will therefore form part of that Partnership's 2018/19 budget.

#### 11. Inflation and Interest Rates (costs of borrowing)

The budget has been prepared on the basis that known contracted inflation will be part of the budget. If anticipated levels of inflation increase then this may cause **additional pressure on the revenue budget**.

The Council's treasury advisors have forecast incremental increases in the Bank Rates and long-term Public Works Loan Board (PWLb) rates through the period 2018-2021<sup>170</sup>.

Rising interest rates will have negative implications for interest charges in future, which in turn will negatively impact on the revenue budget.

The policy of avoiding new borrowing by running down spare cash balances has



served the Council well over the last few years – and is likely to continue. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later years, when the authority will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt<sup>171</sup>. The average cash balance held for the financial year 2016/17 was £78.6 million. In 2017/18 it is forecast the average cash balance will be £42 million<sup>172</sup>.

The cash balance, and all other pertinent balances and budgets, will be reviewed continuously throughout the year.

## 12. Scotland Acts of 2012 and 2016

The Scottish Parliament's new financial and social security powers and responsibilities from the 2012 and 2016 Scotland Acts ('The Acts') are fundamentally changing the Scottish public finances<sup>173</sup>. About 40% of the Scottish Government's planned spending for 2018/19 is expected to be funded from Scottish taxation and borrowing. By 2020, this will have increased to approximately 50%<sup>174</sup>.

As a result of these increased responsibilities the Scottish budget is becoming increasingly complex. It is also subject to greater uncertainty and volatility than when the majority of its funding was relatively fixed through the block grant from the UK Government. **The way the Scottish economy performs relative to the rest of the UK will have greater influence on the public finances than ever before**<sup>175</sup>.

Brexit, in this context as in most others, is an unknown quantity. The UK will leave the European Union on 29 March 2019. At the time of writing, negotiations were ongoing and it is unclear what the final outcome will be for Scotland and its constituent parts. It is likely to have implications for Scottish public finances and how they are managed. It adds more complexity to the environment in which the Scottish Government operates and is likely to impact on how it manages and

implements the provisions in the Scotland Acts<sup>176</sup>.

## 13. Community Empowerment

Councils are now required to fulfil the expectations of the Community Empowerment Act (Scotland) 2015. This seeks to ensure communities are actively involved in deciding how public services are planned and provided.

In addition to the Act, the Scottish Government and COSLA announced that by 2022 **communities would decide how at least 1% of local government budgets will be spent**<sup>177</sup>. In Aberdeenshire, this could be upwards of £5.5 million.

Councils are already adopting a range of approaches. For example, East Renfrewshire Council has set aside a £600,000 repair fund for residential roads. Community participants ranked their top two preferences for which roads should be repaired first<sup>178</sup>.

## 14. Barclay Review of Non-Domestic Rates (NDR)

In 2017/18, NDR made up 28% of revenue funding from Scottish Government to councils. In August 2017, the Barclay review published 30 recommendations on NDR to better support business growth and long-term investment, and to better reflect changing marketplaces.

The Scottish Government accepted most of the recommendations. There are expectations that implementing these would cost an additional £80 million a year nationally. It is not yet clear who is responsible for these costs<sup>179</sup>.

## 15. Income Generation Opportunities

There are opportunities for councils to raise income through council tax and fees and charges. However, there are limits on how much can be raised.

If taxes are raised it is possible public satisfaction with services will decline if the service delivered is not perceived to improve in line with higher taxes. Similarly, the Council must consider the impact that increased fees could have on inequality within the community, as higher



charges are likely to have a disproportionate effect on deprived and vulnerable communities.

Councils in Scotland are beginning to **share ideas and approaches to maximising income** and many are involved in a network on 'commercialisation' led by the Association for Public Sector Excellence (APSE). This work is at an early stage but could lead to councils generating additional income from a range of activities.



## Statistical Overview – Selection of Latest Data

### Total Investment

**£1 billion** – the approximate total investment made by Aberdeenshire Council per year in the local economy across all responsibilities.

### Revenue Budget

**£542.9 million** – Aberdeenshire records the 3<sup>rd</sup> lowest revenue funding allocation per head of population in Scotland.

### Capital Budget

**£860 million** – a 15-year investment in major capital projects that will benefit the local economy and residents alike.

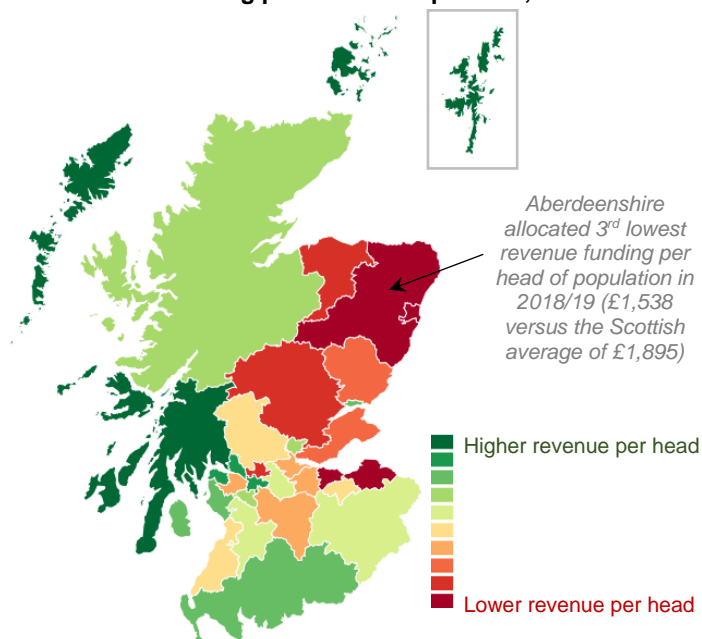
### HRA Revenue Budget

**£60.74 million** – a rise on last year but within the historic range, and lower than Scotland (4.9%), the UK (4.9%), and Aberdeen City (6.0%)

### Reserves

**£33 million** total reserves, of which £9 million is the proposed minimum working balance as at 31 March 2018.

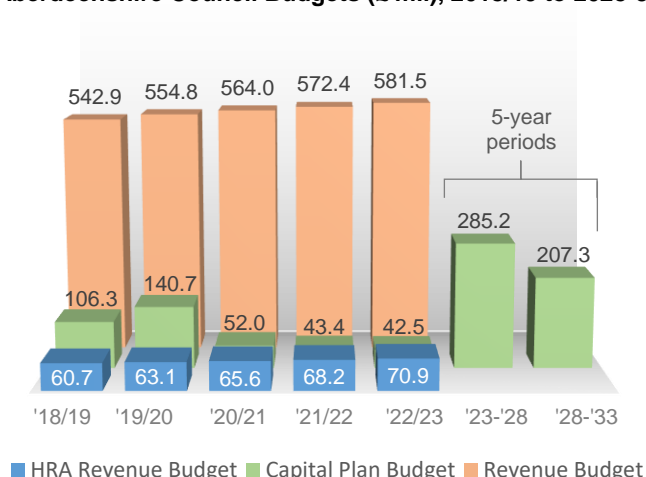
### Revenue Funding per Head of Population, 2018/19



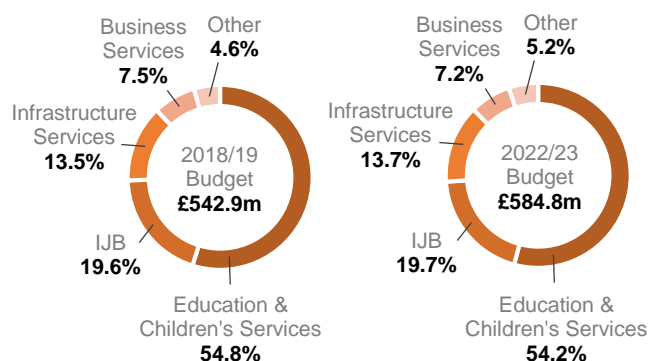
### **LOWEST** revenue funding per head of population, Scotland, 2018/19

Local Authority	Revenue Funding per Head of Population (£)
Edinburgh City	£1,373
Aberdeen City	£1,388
Aberdeenshire	£1,538
East Lothian	£1,586
Perth & Kinross	£1,587

### Aberdeenshire Council Budgets (£ mil), 2018/19 to 2028-33



### Aberdeenshire Council Revenue Budget, 2018/19 & 2022/23



### Commentary

All told, Aberdeenshire Council invests up to £1 billion across the various functions for which it has responsibility. To put this in context, Aberdeenshire's annual Gross Value Added figure (i.e. the 'size' of Aberdeenshire's economy) equates to approximately £7 billion. Therefore, Aberdeenshire Council is a significant contributor to the regional economy. The planned capital investment of £860 million in the area over the next 15 years will no doubt spur further investment, which will benefit the area and residents generally.

Revenue funding for Aberdeenshire Council services will equate to approximately £542.9 million in 2018/19, growing to approximately £581.5 million in 2022/23. Council Services will receive a similar proportion of the total revenue budget in 2022/23 relative to the current financial year. Education and Children's Services will account for the majority of the budget, in line with other Scottish local authorities. Although certain functions of local government have experienced an increase in real terms funding (e.g. education and social services), the underlying picture is a challenging one. General revenue funding has been decreasing in real terms since 2012/13 – and the trend will likely continue for the foreseeable future.

Aberdeenshire was allocated the 3<sup>rd</sup> lowest revenue funding per head of population in 2018/19. This is largely because the authority receives a relatively high proportion of its income from council tax receipts compared to other authorities in Scotland, which has an impact on the Total Revenue funding provided by the Scottish Government. Were Aberdeenshire Council to receive a proportional amount relative to Scotland as a whole, it would equate to an extra £52 million. Aberdeenshire Council is canvassing the Scottish Government with a view to securing this extra funding allocation.



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## Have the right people, in the right place, doing the right thing, at the right time

### Key Judgements

- Aberdeenshire Council's recruitment and selection procedure provides a **clear guide in order to ensure a consistent, high standard of recruitment and selection practice**. The Council's procedures promote equal access to jobs, good personnel practice and compliance with employment legislation. As a consequence, service delivery is customer-focused and consistent, and efforts are continually being made to operate as efficiently as possible, which will stand the Council in good stead over the forthcoming years.
- Aberdeenshire Council was an early adopter of flexible working practices under the WorkSMART initiative, which has delivered a number of benefits. This initiative is being furthered by the WorkSPACE program and the activities to rationalise council-owned offices. Meanwhile, the increasing use and acceptance of technological solutions – allowing colleagues to work in a smarter, more efficient way – will stand the Council in good stead as teams potentially disperse to suit new working arrangements. These concrete undertakings will be supported by improvements to governance arrangements and, longer term, the principles espoused by ONE Aberdeenshire.
- Transformational change is increasingly important to councils as they seek to improve local outcomes with less money. Successful transformation requires **robust planning, clear and coherent leadership and suitably skilled staff**.
- **The Council workforce is ageing**. Latest Aberdeenshire data provides that 45% of Aberdeenshire Council's workforce is over 50 years of age; 17% is over the age of 60. The Council will therefore need to consider if and how to replace these experienced workers.

### Assessment of Issues

#### 1. Context

Councils continue to face challenges on a number of fronts, not least the challenge of continuing to deliver a wide range of services to local communities with reducing budgets.

For most councils, achieving savings while continuing to deliver services requires a mixed approach. This includes reducing the workforce, taking measures to increase income, and digitising services; along with more transformational changes to service delivery or, indeed, stopping some services altogether.

Reducing staff numbers has been one of the main ways councils in Scotland have reduced their spending and, in some councils, this is set to continue<sup>180</sup>.

Aberdeenshire Council's total headcount is approximately 15,900 (10,200 FTE)<sup>181</sup>. Aberdeenshire is one of only two councils in Scotland to have increased its headcount between 2011 and 2017<sup>182</sup> (South Ayrshire being the other council area). Aberdeenshire's increase of 8.3% contrasts sharply to the national average – a 7.7% decrease in headcount over the 2011-17 period.



It is critical, according to Audit Scotland<sup>183</sup>, that councils carefully manage workforce reductions and that each council ensures it has people with the skills required to deliver its priorities now and in the future.

Successful transformation requires **robust planning, clear and coherent leadership and suitably skilled staff**.

## 2. Staff Recruitment & Selection

Aberdeenshire Council is committed to attracting the most suitable candidates in terms of skills, knowledge and attitude in order to maintain a motivated workforce delivering high quality services in line with the Council's objectives, values and aims<sup>184</sup>.

The recruitment and selection procedure utilised by the Council provides a clear guide in order to ensure a consistent, high standard of recruitment and selection practice; it promotes equal access to jobs, good personnel practice and complies with employment legislation<sup>185</sup>.

## 3. Staff Training & Development

Aberdeenshire Council considers itself a **learning organisation** supporting a workforce of **lifelong learners**<sup>186</sup>.

Learning and development needs arise at different levels (e.g. individual, team, Service and organisation) and at different times. It is expected that individual needs will be identified in a formal and regular manner through the implementation of the Council's employee review schemes, for example the Employee Annual Review Scheme (EAR).

As part of the employee review schemes, managers should be aware of their responsibilities in terms of monitoring the activities and tasks in which employees become involved. This should avoid jobs changing to the extent that regrading claims may be made, particularly where funding to support such a move is unlikely to be available<sup>187</sup>.

## 4. 'One Aberdeenshire'

Organisational culture – the “personality” of an organisation that guides how employees think and act on the job – is a key factor not only in achieving

organisational goals, but in **attracting and keeping desirable employees**, creating a positive public image, and building respectful relationships with stakeholders<sup>188</sup>.

An organisation-wide conversation – that eventually became ONE Aberdeenshire – began in 2016. The aim was to understand what enabled colleagues to ‘do the right thing’ to improve the quality and value of the services they provide to both employees of Aberdeenshire Council and the people of Aberdeenshire more generally.

A number of methods were used in order to determine a set of **guiding principles** including one-to-one sessions, workshops, and regional events.

Three principles emerged:

- Everyone brings their ‘best self’ to work;
- We are clear of what is expected of us and ask for clarity if unsure;
- We take informed decisions as close to the action as possible.

The Principles are the cultural aspirations of the workforce and underpin how the Council will achieve its vision. By 2020, these Principles are expected to shape the council's systems, processes and structures.

## 5. WorkSPACE – Flexible Working and Office Rationalisation

In common with many other public sector organisations, Aberdeenshire Council faces particularly difficult challenges in maintaining and improving the quality and effectiveness of service outcomes whilst achieving ever tighter efficiency targets.

Staff-related policies and strategies appear to acknowledge the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery and continuous improvement. Recognising and acting upon the need to change and adapt has, in certain instances, been a **feature of Aberdeenshire Council's approach** to leadership and forward planning.



Flexible working is arguably a prime example of that approach. Aberdeenshire Council adopted a pragmatic approach to flexible working practices through, initially, the WorkSMART initiative. Activities continue apace under the more strategic WorkSPACE programme which places a greater focus on property rationalisation. Together they form the basis of a comprehensive business transformation policy. Aims include:

- Increasing productivity, in light of reductions in funding;
- Using council accommodation more efficiently and effectively;
- Improving sustainability through reducing travel to work and business mileage and reducing the environmental impacts of premises;
- Improving service delivery by making services more available where and when the public wish to access them; and
- Attracting and retaining staff and being an employer of choice.

The programme has already delivered a wide range of benefits. The office rationalisation programme will also deliver cost savings to the organisation.

There are, however, challenges associated with such an ambitious undertaking. Aberdeenshire's geographical situation, for instance, adds to the inherent complexity. Aberdeenshire is the fourth largest Scottish authority in terms of area, with the 2<sup>nd</sup> highest number of settlements of any Scottish local authority. Property rationalisation presents challenges, therefore, as there remains a need to keep an accessible presence throughout the region. Despite there being a difference between having a *presence* in a locality and having an *office* in that locality, there may nevertheless be local and political sensitivities around this.

The WorkSPACE project continues to evolve. In preparation for increased flexible working, a programme of engagement will continue with elected members and staff around associated

changes in culture and the impact of agile working. Staff will continue to be supported so that the organisation maintains high quality service delivery in a challenging financial environment.

## 6. Aberdeenshire Council Governance Arrangements<sup>189</sup>

Over the course of 2015 Aberdeenshire Councillors instructed officers to review the Council's constitutional and governance framework, which had not been reviewed since local government reorganisation in 1996.

**Good governance is fundamental to the way the Council operates and how it successfully delivers council services.**

Principles of excellent governance have since been embedded in the new governance framework. Anticipated benefits include **increased transparency, accountability, and clarity** in the Council's decision-making processes.

The new Scheme of Governance enables the Council to **focus more on localities by enhancing the role of Area Committees** – they are now be able to scrutinise service delivery in their areas and have greater influence over policy review.

Policy Committees now determine both policy and budget. Therefore, **large scale projects will be progressed quicker** without "double handling" by more than one Committee.

The new Scheme will **strengthen political responsibility and leadership** at a local and Council-wide level, as well as invest major trust and responsibility in officers to approve expenditure up to £1 million without committee approval, all supported through new Procurement Guidance and enhanced Financial Regulations.

## Forward Look

### 7. Staff Costs

As part of the Medium Term Financial Strategy, directors have reviewed staff budgets to identify the potential for turnover savings, for non-filling of vacant





posts and the scope for structures to be reviewed compared with any impact on service delivery. All services, particularly Education and Children's Services are likely to face additional pressures on their staffing budgets due to improved recruitment and demographic changes when compared to the base budget position<sup>190</sup>.

#### 8. Ageing Workforce

##### **Local authority workforces are ageing.**

The Scottish Social Services Council reported that the median age amongst public sector social care employees is 48 years. UNISON also report high proportions of staff over 45 years-of-age in building standards, school support and home care workers<sup>191</sup>.

Latest Aberdeenshire Council data provides that 45% of the workforce is over 50 years of age, and 17% over the age of 60<sup>192</sup>. **The Council will therefore need to consider if and how to replace these experienced workers.**

#### 9. Local Governance Review

The Scottish Government aims to strengthen local decision-making and democratic governance in ways that improve outcomes for local communities and give greater control to those who live and work in the area. The Scottish Government and COSLA launched a review in December 2017 to consider how decisions are made about Scotland's public services with the aim of **devolving more power to communities**. The review's findings will contribute to a **Local Democracy Bill** which will be introduced before the end of the Parliament in 2021<sup>193</sup>.

#### 10. Community Empowerment

Community empowerment is a complex area and will require new ways of thinking about what constitutes good and effective community empowerment and how to work most effectively with the range and diversity of local communities. Underpinning the Community Empowerment Act is the intention to reduce inequalities. **The Act could have staffing and funding implications** as councils seek to work more closely with

disadvantaged harder-to-reach groups. It could also provide savings where communities take over council services. Public sector partners will benefit from working together and sharing their learning experiences across sectors and organisations where possible<sup>194</sup>.

#### 11. Amalgamation / Regional Collaboration

Legislation to implement health and social care integration, passed by the Scottish Parliament in 2014, came into force on 1 April 2016. This brings together NHS and local council care services under one partnership arrangement for each area. When viewed in the context of the amalgamation of police forces and fire services in Scotland, coupled with the move to increase regional collaboration in the education sphere, it could presage a period of further amalgamation of local government services.

**It is possible that regional partnerships will gain greater prominence in future**, perhaps driven by budgetary considerations and common regional goals. Such a structural model will doubtless affect a number of services and work-streams within Aberdeenshire, and perhaps in neighbouring authorities. Indeed, the lines between services and work-streams are becoming increasingly blurred with a gradual realisation that activities in one sphere can affect activities in other spheres.

Regional partnerships, participatory budgeting, holistic planning, ever increasing community involvement – these themes are likely to gain traction in the years ahead as common challenges crystallise, shared goals emerge, and resources became scarcer.



## Statistical Overview – Selection of Latest Data

### Total Headcount

**15,875** or **(10,197.6 FTE)** as at Q3 2017/18. The longer-term trend is upwards, which is contrary to the national trend.

### Recruitment

**987** adverts were placed in the 3<sup>rd</sup> Quarter of 2017/18. Over 6,500 applications were made - equates to 37 applications per ad.

### ALDO Logins

**10,000+** different users tend to login to ALDO over any given quarter. This figure will vary depending on the availability / desirability of courses

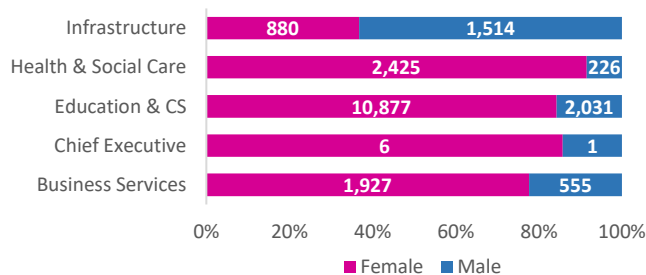
### Absences

**45,000+** total calendar days are lost per quarter. Long term absences tend to account for a large proportion of total calendar days lost.

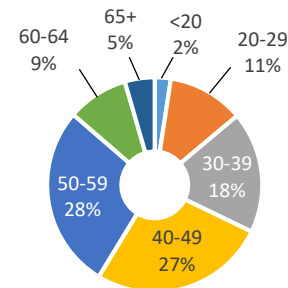
### Wage Bill

**£95.48 million** – Q3 2017/18. This figure includes 'on costs'. Wages for the quarter were approximately £1m more than last year.

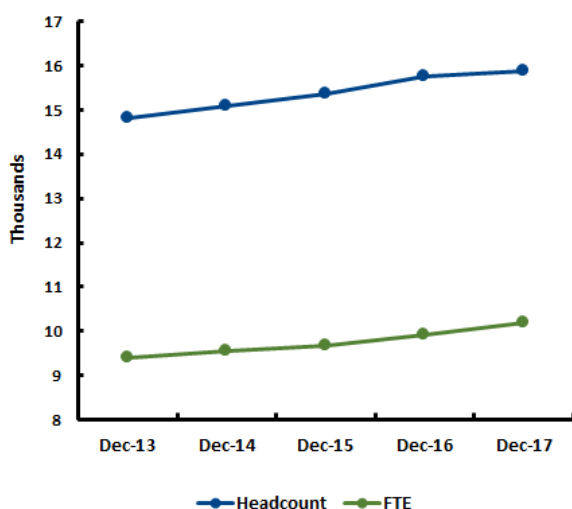
### Aberdeenshire Council gender split by Service (Q3, 2017/18)



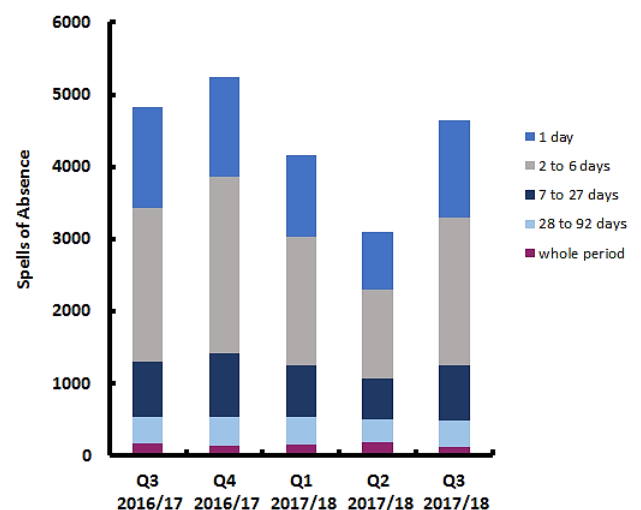
### Aberdeenshire Council workforce per age group (Q3, 2017/18)



### Aberdeenshire Council headcount (& FTE) Dec 2013-17



### Aberdeenshire Council quarterly absences by duration, Q3 2016/17 to Q3 2017/18



### Commentary

Latest Management Information data (Q3 2017/18) provides that Aberdeenshire Council's total headcount is 15,875, which equates to 10,197.6 FTE). Headcount per Service:

- Chief Executive - **7** employees (6.2 FTE)
- Business Services - **1,893** employees (1,175.2 FTE)
- Infrastructure Services - **2,141** employees (1,940.9 FTE)
- Health and Social Care - **2,414** employees (1,605.2 FTE)
- Education & Children's Services - **9,413** employees (5,465.2 FTE)

Aberdeenshire was one of only two local authorities in Scotland to have increased its headcount since 2011. (The other authority was South Ayrshire.) Aberdeenshire's increase was the largest in Scotland between 2011 and 2017.

Unsurprisingly, staff costs are also on an upwards trend, amounting to over £95 million in the 3<sup>rd</sup> Quarter of 2017/18. There's an increasing spend on Overtime, Additional Hours, weekend and night working.

Despite the increase in headcount and staff costs the Council is still advertising a significant number of posts (987 adverts recorded in the 3 month period ending December 2017).

There has been a significant reduction in 'off contract' agency spend compared to previous quarters – it stood at £267k in Q3 2017/18 – but officers acknowledge there is still room for improvement.

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## Protect our special environment, including tackling climate change by reducing greenhouse gas emissions

### Key Judgements

- The Council faces **various external challenges** with regards to climate change action. Positively, carbon dioxide (CO<sub>2</sub>) emissions in Aberdeenshire, as across the country, have decreased since 2005. However, **Aberdeenshire persistently records higher per capita emissions than Scotland as a whole**. This is largely due to the transport and domestic sectors. Uptake of energy-efficient vehicles (e.g. electric / hybrid vehicles) may lessen transport-related emissions over time, assuming the required infrastructure – e.g. electric charging points, cycle routes, etc. – satisfies demand. The planned energy-efficient improvements to Aberdeenshire Council's housing stock will materially contribute to reducing the domestic sector's CO<sub>2</sub> emissions. These will take time to implement.
- Climate change action will require significant changes to organisational culture. It often has substantial staffing and financial demands which could impact on essential front line services. Achieving carbon neutral buildings, for instance, would require substantial investment<sup>195</sup>.
- Aberdeenshire Council is in some respects leading the way in efforts to 'decarbonise', that is, to reduce CO<sub>2</sub> emissions. The Council was the first in Scotland to develop and approve a **Carbon Budget** process, underpinning its commitment to tackling climate change. Although services are exploring innovative ideas and opportunities, **further efforts are required** in order to ensure carbon is being considered in all reports, proposals and projects so that the council's own reduction targets are met. **Making the link to financial savings** has and will continue to be key<sup>196</sup>.

### Assessment of Issues

#### 1. Global Context

The concentration of Greenhouse Gases (GHGs) in the atmosphere has been increasing since the beginning of the industrial era – and at an accelerating rate – largely as a result of human activities. Emissions of GHGs caused by human activity, particularly carbon dioxide (CO<sub>2</sub>), is the primary driver of the observed changes in climate. Increasing global temperatures will result in continued melting of ice caps, glaciers and sea ice, changes in rainfall patterns, and a further rise in global sea levels by the end of this century<sup>197</sup>.

Locally, the increasing incidence of abnormal weather may lead to more frequent flooding events in vulnerable areas, and may affect crop and other agricultural output over time.

#### 2. Local Context

Carbon dioxide (CO<sub>2</sub>) emissions in Aberdeenshire, as across the country, have decreased since 2005. However, **Aberdeenshire persistently records higher per capita emissions than Scotland as a whole**, largely due to the domestic and transport sectors<sup>198</sup>.

Aberdeenshire's high *transport* emission rate per capita is likely due to a number of factors, including: a relatively strong regional economy, close proximity to a major industrial hub (Aberdeen City), high



vehicle ownership among residents, and an expansive geography – Aberdeenshire is the fourth largest local authority in Scotland and contains the 2<sup>nd</sup> highest number of settlements. Consequently, Aberdeenshire tends to accrue one of the highest number of vehicle miles travelled in the country per annum.

The high *domestic* emission rate per capita suggests Aberdeenshire homes are relatively energy inefficient. The high incidence of fuel poverty in the area suggests this is the case. Aberdeenshire's domestic consumption of petroleum products may be a factor: Aberdeenshire accounts for nearly 2% of the UK's total consumption of petroleum products within the domestic sector<sup>199</sup>. **This is a disproportionately high figure** given that Aberdeenshire accounts for just 0.4% of the UK population.

High domestic consumption of petroleum products may be due to the fact that a relatively large proportion of Aberdeenshire's households are not connected to the gas network – gas is a 'cleaner' energy source than petroleum products.

Solutions other than gas are available. For example, much of the domestic energy demand could be met through renewable technologies – Solar PV and Solar thermal panels for electricity and hot water, and heat pumps for efficient heat generation – yet few new major housing developments currently offer these, even as options. In order to be feasible, more work needs to be done to quantify demand, available resource, and cost of production<sup>200</sup>.

### 3. Aberdeenshire Council Policies

Aberdeenshire Council is **leading by example** in demonstrating compliance with the Scottish Government's climate change legislation. In November 2016 the Council approved its Environmental and Climate Change Policy and Climate Change Action Plan, and in February 2017, the Council approved the first **Carbon Budget** to encourage consideration and active pursuit of carbon

reductions through projects implemented throughout 2017/18<sup>201</sup>.

The Carbon Budget underpins the longer term Plan with actions in the short term aimed at meeting the Council's target of a 44% reduction in carbon emissions by 2025.

The Council is also pursuing a number of procurement activities that will deliver a reduction in CO<sub>2</sub> emissions, improve energy efficiencies, and incorporate meaningful sustainability criteria into procurement decisions. These include factoring in current and future climate change risks into the construction procurement process; a managed print contract to eliminate waste, reduce resources and energy demand; expanding the network of electric vehicle charge points; and the joint Energy from Waste initiative.

The Energy from Waste initiative is a prime example of regional collaboration in respect of the 'grand challenges' mentioned in chapter one (economic diversification). The project, involving all three local authority areas in Grampian, provides a viable solution to reduce waste whilst providing benefits to local residents in terms of electricity and heat generation and reducing fuel poverty<sup>202</sup>.

Aberdeenshire currently lags behind Scotland in terms of energy consumed from waste. The Energy from Waste initiative should redress the balance to some degree.

The Council also aims to increase the proportion of waste being recycled, which currently stands at around 45%.

### 4. Challenges & Mitigating Actions

The Council faces **various challenges** in addition to the need for a change in organisational culture. **Climate change action often has substantial staffing and financial demands** which could impact on essential front line services. Achieving carbon neutral buildings, for instance, will require substantial investment<sup>203</sup>.





A draft Carbon Neutral Strategy for the Council's buildings is currently being developed. The draft Strategy details a strategic and cost calculated path to achieve carbon neutrality for buildings by 2030 by identifying three principal categories:

1. Lean interventions (to reduce energy demand);
2. Clean interventions (to reduce dependency on grid-supplied electricity and fossil fuels); and
3. Green interventions (to offset residual carbon emissions through green procurement and carbon trading).<sup>204</sup>.

Developing an adaptation strategy to mitigate the effects of climate change is anticipated to take up to 3 years<sup>205</sup>.

Whilst there are plans in place, a number of factors have yet to be determined. The monitoring mechanisms, for example, are insufficiently developed to track progress or explain and correct variances over the course of the year<sup>206</sup>. And embedding climate change considerations into the policy and decision making process has yet to be implemented<sup>207</sup>.

There is a risk, therefore, that the aims of current and future carbon budgets will not be achieved, making longer term targets more challenging to attain<sup>208</sup>. The fact that Aberdeenshire Council's CO<sub>2</sub> emissions target has been pushed back 5 years (from 2020 to 2025) merely serves to highlight the challenges.

Council leadership is aware that more work needs to be done to ensure carbon is being considered in all reports, proposals and projects to engage all Council staff and Members with the process. Work is underway to shift the business-as-usual approach.

The Carbon Budget and the associated monitoring process is being developed further, and from 2018/19 Services will be required to commit to an action plan for its full achievement. Services will also be required to report more formally on progress<sup>209</sup>.

Services are exploring innovative ideas and approaches, which takes time to

implement. New methods are being considered as well as identifying different drivers of change. **Making the link to financial savings** has and will continue to be key<sup>210</sup>.

The Carbon Budget will therefore become better integrated with the Financial Budgets. This will provide Members with a clearer link in demonstrating the costs and savings being made through carbon saving initiatives. This will be an important step in assisting the Council to make decisions that allow it to meet its emission reduction targets as cost effectively as possible<sup>211</sup>.

## 5. Biodiversity

Many aspects of Aberdeenshire Council's work contributes to the protection and enhancement of biodiversity.

Biodiversity also feeds into the organisation's formal decision-making structure. For example, the Sustainability Committee reports to Full Council and has a remit for issues related to environment, sustainable development and climate change.

The Forestry, Biodiversity, Water and Landscape Cross Team Working Group also allows for discussion on relevant issues and ensures a consistent approach across Aberdeenshire Council areas and Services.

## 6. Built Heritage

Aberdeenshire has a wealth of historic buildings, landscapes and archaeology which contribute to a sense of place. Such rich and manifold resources inherently possess enhancing qualities – educational, recreational and economic – and contribute to the enjoyment of residents and visitors alike. These assets are not only important to the region, they are also significant in a national context.

The Council's policies insist that all development must give an appropriate level of protection to internationally, nationally and locally designated sites of built heritage, archaeological and environmental importance. They rightly



aim to protect and improve the natural and built environment as a whole.

## Forward Look

### 7. Climate Change Legislation

Following the Paris Agreement, the Scottish Government intends to pass new climate change legislation by early 2019. It has proposed a more ambitious 90% target for emissions reduction by 2050, from an existing target reduction of at least 80%. Aberdeenshire Council is targeting a 44% reduction in CO<sub>2</sub> emissions by 2025 based on the 2010/11 baseline. A 2050 target has not been published locally but will likely be in line with the national aim of a 90% reduction in CO<sub>2</sub> emissions.

### 8. Scotland's Energy Efficiency Programme (SEEP)

The Scottish Government has designated energy efficiency as a National Infrastructure Priority, the cornerstone of which will be Scotland's Energy Efficiency Programme<sup>212</sup> (SEEP).

SEEP will disburse funding from the Scottish Government over the next 15-20 years to provide energy efficient and carbon reduction measures to both residential and commercial buildings.

In order to manage this programme and target measures effectively the Scottish Government proposes that each council **produces a Local Heat and Energy Efficiency Strategy (LHEES)**, taking into account the energy performance of **all buildings in the Local Authority area**. A socio-economic assessment is also proposed in order to prioritise areas for improvement.

Additionally, each Local Authority will likely be asked to identify zones suitable for District Heating development. This process will include awarding exclusive consent for development of District Heating schemes in these identified zones to nationally licensed developers. Monitoring and enforcement of developer performance will likely be statutory duty.

The proposed duties have potential resource implications for a number of services within the Council, most notably

Economic Development, Housing, and Planning.

### 9. Fuel Poverty

Aberdeenshire has a relatively high incidence of fuel poverty. Reducing fuel poverty is a tangential aim of the proposed strategy to dispose of 'poorly performing' assets in the Housing Revenue Account. Any proceeds from the sales will be reinvested in delivering affordable housing.

This supports the delivery of the Aberdeenshire Local Housing Strategy 2018-2023 and the dual priorities of increasing the supply of affordable housing and improving the energy efficiency and sustainability of the Council stock which, in turn, should materially contribute to a reduction in fuel poverty<sup>213</sup>.

Plans are underway nationally to alleviate fuel poverty via the Fuel Poverty Strategy and Warmer Homes Bill, due to be introduced sometime in 2018.

### 10. North Sea Oil Industry & Future Energy Sources

Fossil fuels will continue to play a significant role in the supply of energy in the near to medium term as the majority of energy use is currently provided by oil and gas. However, North Sea Oil & Gas is a diminishing resource. This presents both challenges and opportunities.

Continued support to retain the skills and transition the industry is vital for the North East economy. The engineering skills gained in working in the offshore environment should facilitate marine energy solutions that are both innovative and exploit the extensive energy resources offshore.

The Moray East offshore windfarm is one such example. The 950MW project will generate power at £57.50/MWhr – less than half the price of power generated by offshore windfarms today. It represents a step-change in the delivery of renewable power in terms of cost and scale. The 190-turbine windfarm, with an electricity substation near New Deer, will process enough renewable electricity to power up to 900,000 homes<sup>214</sup>. It will lessen the



dependence on fossil fuels and improve the UK's security of energy supply as well as driving down costs for consumers<sup>215</sup>.

The development is expected to produce renewable electricity for 30 years and will create nearly 2,000 jobs in the process. Construction is expected to begin next year (2019).

However, this project notwithstanding, higher grid access costs associated with distance-to-electricity markets may undermine efficient conventional power generation and related potential CCS development. It could also inhibit the development of future technologies to exploit the extensive offshore energy resource.

Local authorities, the NHS and the public sector generally need to work more closely together on energy-related policies, and also need to engage more with the private sector<sup>217</sup>.

#### 11. **Peterhead Power Generating Facility**

Decarbonising oil and gas through carbon capture and storage (CSS), although proven in other countries, has yet to be tested at scale in the UK, and an opportunity was clearly missed in Peterhead. Aberdeenshire Council's position remains in favour of maintaining a power generating facility at Peterhead – not only to safeguard jobs and the local supply chain, but to increase the possibility of developing a carbon capture and storage hub should the need arise in future.

The Scottish Government committed to CSS within the Climate Change Action Plan and Energy Strategy. Major developments in this work-stream are likely to materialise in the 2020s.

The UK and Scottish Governments will need to work together in order to determine how CSS will be accomplished, especially the crucial first step of establishing CO<sub>2</sub> transportation and storage infrastructure<sup>216</sup>. Peterhead may be in a good position to capitalise on developments in this area.

#### 12. **Strong Partnerships Required**

Delivering the 2050 vision for energy in Scotland will require strong partnership between National and Local Government and the private sector to carry forward the various projects required.

## Statistical Overview – Selection of Latest Data

### CO<sub>2</sub> Emissions

**1,792 kt** of CO<sub>2</sub> was emitted as a result of activities within Aberdeenshire in 2015, which equates to 6.8 t per 1,000 population.

Although CO<sub>2</sub> emissions have reduced in Aberdeenshire by 31% per capita since 2005, it is still a higher rate than Scotland as a whole.

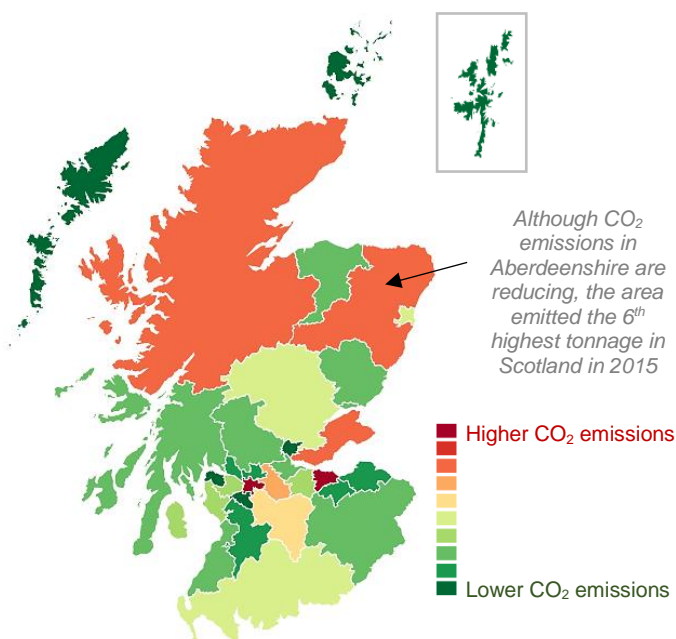
Aberdeenshire Council is targeting a total carbon budget of **74,007 tonnes CO<sub>2</sub>**. This equates to approx. 4% of Aberdeenshire's total CO<sub>2</sub> emissions.

### Energy Consumption

**540 kt** of oil equivalent – the total energy consumed in Aberdeenshire in 2015, the 9<sup>th</sup> highest in Scotland.

However, Aberdeenshire's per capita rate is lower than Scotland's – but Scotland's consumption may be characterised as being 'cleaner'.

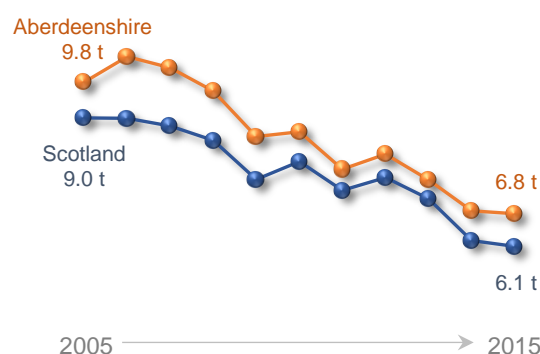
#### Estimated total CO<sub>2</sub> emissions (kt CO<sub>2</sub>), 2015



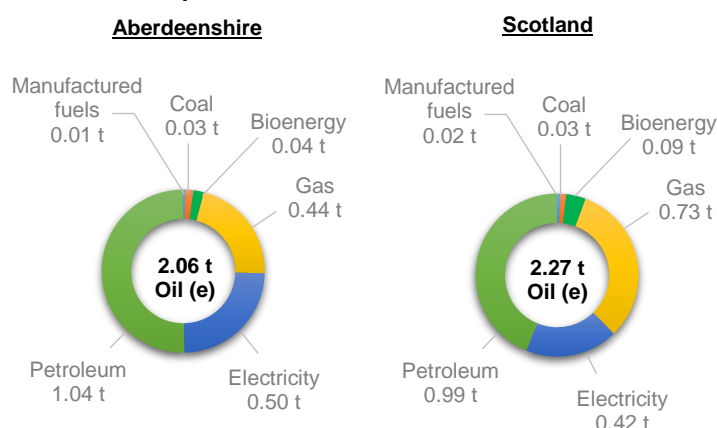
#### Top 3 CO<sub>2</sub> emitters, Scotland, 2015

Local Authority	CO <sub>2</sub> (kt)	% change since 2005	% change since 2014
Fyfe	2,911	- 31.6%	- 2.9%
Glasgow City	2,791	- 32.1%	- 6.6%
Edinburgh City	2,437	- 28.9%	- 4.1%
Aberdeenshire (ranked 6 <sup>th</sup> )	1,792	- 23.4%	- 0.4%

#### Est. CO<sub>2</sub> emissions per capita, (t CO<sub>2</sub>), 2005-2015



#### Total energy consumption per capita, All Sectors, tonnes of oil equivalent, 2015



### Commentary

Aberdeenshire is among the highest emitters of carbon dioxide (CO<sub>2</sub>) in Scotland – and has been since at least 2005. Aberdeenshire accounted for the 6<sup>th</sup> highest CO<sub>2</sub> emissions in Scotland in 2015 (the latest year for which data are available). This is largely a result of the domestic and transport sectors as mentioned in the main body of this chapter.

However, total CO<sub>2</sub> emissions have reduced from 2,340 kt in 2005 to 1,792 kt in 2015 – a reduction of 23.4%. Although positive, it does not compare favourably to the Scottish reduction of 29.1% over the same period. Per capita emissions in Aberdeenshire have also reduced despite an increase in total population.

Aberdeenshire Council is targeting a total carbon budget of 74,007 tonnes of CO<sub>2</sub> equivalent, which is 5% less than the emissions recorded over the course of 2014/15. The carbon budget would equate to approximately 4% of Aberdeenshire's total annual CO<sub>2</sub> emissions. The 44% reduction target has shifted 5 years from 2019/2020 to 2024/25. To reach the Council's target of a 44% reduction in emissions from the 2010/11 baseline by 2019/20 would have meant reducing CO<sub>2</sub> emissions by 15% each year (11,570 t CO<sub>2</sub>e). The target delay is due to the lack of progress in reducing carbon emissions since the target was set in 2013.

Changes will need to be made not only to Council buildings but also to the way the Council purchases and uses its fleet, manages its own internal waste and controls business mileage as well as the way it works and delivers services.





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