



From mountain to sea

# Aberdeenshire Council Strategic Assessment 2020/21

July 2020  
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# DRAFT



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## Document Details

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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. These challenges were compounded by the COVID-19 pandemic, which effected significant change to societies across the world, the effects of which will likely reverberate for years to come.

Transformational change is therefore becoming increasingly important to meet current and future challenges. These include the implications of COVID-19; budget constraints; service re-design; estate modernisation; lower oil prices; increased unemployment; ageing demographics; Brexit; Climate Change; and managing public expectations as to what the Council can do in light of diminishing resources – all of which will have profound implications for local authorities in the coming years.

Sudden societal shocks, such as COVID-19, tend to quicken the pace of developments already in train – for example, the shift from physical to virtual spaces. This may encompass the consumption of goods and services (both commercial and non-commercial) online as opposed to in-person, as well as greater instances of remote working. As such, digital infrastructure and digital literacy will become increasingly important in future years.

The pace of organisational developments will also likely quicken. 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.

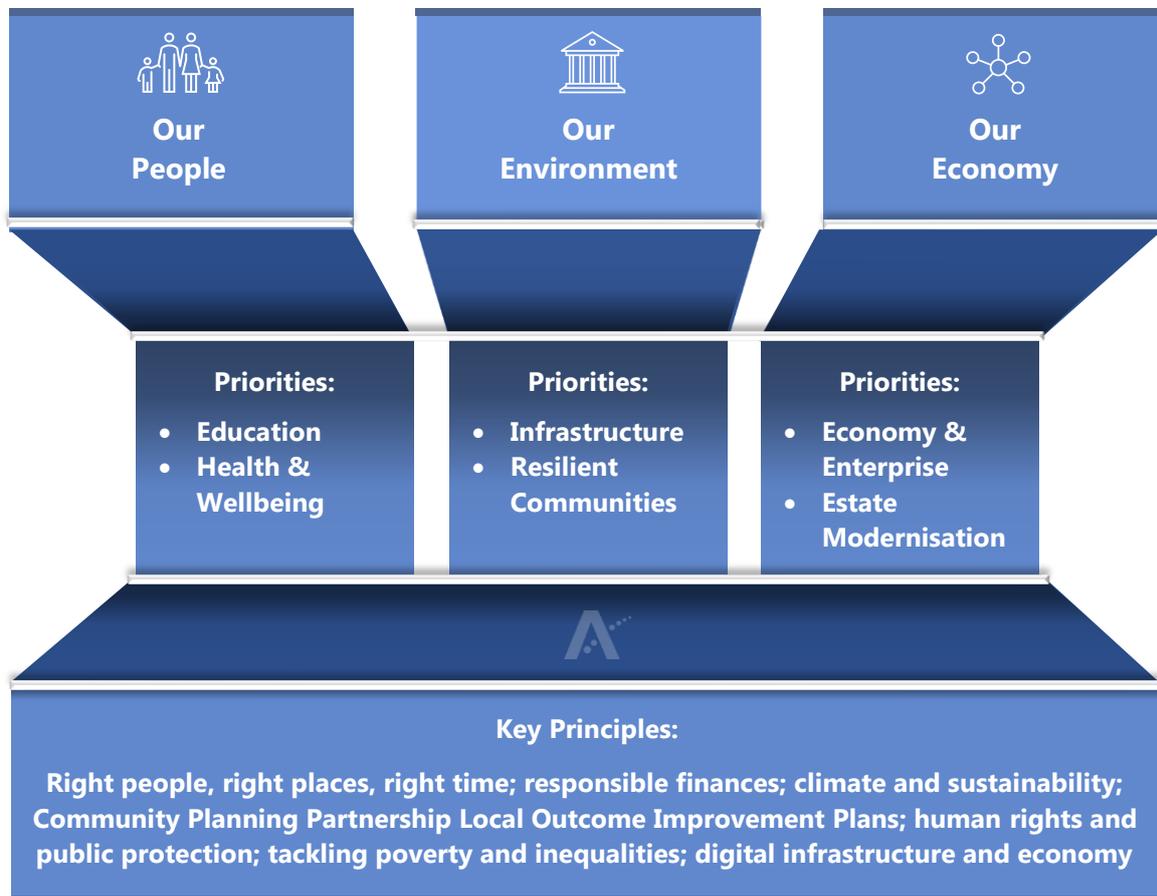
Regional partnerships, participatory budgeting, holistic planning, ever increasing community involvement – these themes are likely to gain traction in the years ahead as common challenges crystallise, shared goals emerge, and resources become scarcer.

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 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.

Given the general context it is right to recognise the need to articulate new Priorities which better reflect the current challenges being faced by the Council. A new Medium Term Financial Strategy (MTFS) was developed during June 2020 in order to address what we know will be a significant financial shortfall as a result of this pandemic. The MTFS will be directed by the new Priorities to ensure that there is close alignment between future service provision and future budget availability<sup>1</sup>.

Three pillars are proposed to support the Strategic Priorities. The pillars, priorities, and key principles are summarised in the diagram below.

### Aberdeenshire Council – Pillars, Priorities, and Key Principles



Although the immediate landscape appears uncertain, and fundamental changes are on the horizon, 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. 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.

The Council’s ICT capabilities and flexible working practices have also allowed most office-based staff members to function largely uninhibited during the lockdown period. The Strategic Assessment discusses the role of digital technology and physical office spaces in a post-COVID-19 world.

Other major assets for the region include, but are by no means limited to, the profile of residents, – relatively highly skilled, generally well paid, relatively 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 over a longer time horizon despite the immediate and medium-term consequences of COVID-19.

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



The most salient points raised through this iteration of the Strategic Assessment are summarised in the pages that follow.



## Our People: Education

- 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.**
- Early Years are a critical component of future educational outcomes. 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.
- Upon school closures as a result of COVID-19, the Scottish Government announced that local authorities would no longer be legally obliged to deliver 1,140 hours of funded childcare from August 2020. The extent of the delay to 1,140 becoming a statutory entitlement across Scotland is yet to be determined.
- Processes were put in place in order that the needs of vulnerable children and young people were catered for during the unprecedented Lockdown period. Vulnerability assessments took account of known protective factors in a child's life (e.g. stable family relationships; parental understanding of child's needs; family resilience), as there are many children who are vulnerable but will be well supported at home during school closures and therefore may not require targeted support.
- 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.**
- Aberdeenshire's child population is expected to decrease by approximately 5,649 by 2043 (based on 2018 figures). This is contrary to the previous set of projected figures which suggested that Aberdeenshire's child population would grow at a faster rate than most other local authorities in Scotland (amounting to an extra 6,947 children by 2039). However, the new figures suggest the opposite is the case with the number of children projected to decrease from 49,033 to 43,384 between 2018 and 2043. That equates to an 11.5% decrease, which is slightly greater than the 10.5% decrease for Scotland as a whole.
- A selection of attainment-related indicators on the face of it suggests an assortment of outcomes for Aberdeenshire pupils relative to their peers nationally. Where attainment is measured in terms of courses and units, areas that present the greatest opportunity for improvement include S5 attainment and the attainment of less able young people. These were to be scrutinised during Attainment Review meetings in each secondary school.  
However, overall attainment measured via course-based measures is, at most stages, broadly stable or improving. 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 2018/19 – 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**.

- There is also a **significant increase in the positive destination rate for Care-Experienced Young People (CEYP)** than previous years due to a range of Council initiatives.
- However, **the consequences of COVID-19 may negatively affect youth employment in the region**. Past experience tells us that while recessions naturally drive up unemployment across the population, **the effects are more severe for those who have only recently left full-time education**. While the realities of being unemployed are damaging in real time – potentially putting health, well-being and security at risk – the experience can also scar a person's employment and pay for years to come. This is particularly worrying for young people, who are more likely to experience unemployment during a downturn, and who have their whole working lives ahead of them.
- **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**.
- Despite a projected decrease in the child population of Aberdeenshire by 2043, 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 **initiatives/projects are underway to negate these developments**.



## Our People: Health and Wellbeing

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- **There are health inequalities in Aberdeenshire** which, if left unchallenged, present a ticking time bomb for the NHS, the Aberdeenshire Health and Social Care Partnership (AHSCP), and the Council. The recent lockdown has shown that behaviours can be changed, and the momentum must be maintained.
- **Early intervention to tackle mental health issues can tackle problems earlier, be more cost effective in the long term**. Recent events will have increased the magnitude of mental health problems in Aberdeenshire. The scale of the problem means that support for people with mental health problems will need to come from a variety of sources **through partnership working** – council, Live Life Aberdeenshire, 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. Obesity and low levels of physical activity are common to both mental disorders and other non-communicable diseases. Many of these conditions can be delayed or prevented with more focus on prevention and changes to lifestyle and behaviours.
- The Aberdeenshire Health and Social Care Partnership (AHSCP) has a fundamental role to play in any discussion around the health and wellbeing of Aberdeenshire residents. The AHSCP have clearly identified **the need for effective use of resources to deliver health and social care** in Aberdeenshire. This will include delivering technology enabled care services however **there is a digital divide across Aberdeenshire with not all areas having the speed and reliability required**.
- **Prevention and early intervention to tackle long-term conditions including obesity** through provision of accessible and sustainable health services and commitment from



residents to take responsibility for living as healthy a life as they can. A whole systems approach will be required to deliver effective solutions.

- **Working in partnership** the AHSCP, Council Services and third sector partners 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.
- AHSCP is facing the **same demographic challenges** as Aberdeenshire Council's Housing Service in terms of increasing population and changes in household composition. They both have the **same shared objective of increasing resilience and empowerment within the community**.
- The **workforce supply issues are also shared by other public and third sector organisations across Scotland**. Making the area the location of choice to attract workers and their families is key to recruitment. Investment in the area's digital and transport networks will play a part in this.



## Our Environment: Infrastructure

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- **Improving the region's connectivity (both transport and digital), will enable residents to have choices** about how they work, study, move around, access facilities and live sustainable healthy lives. It supports the 'open for business message' and encourages people to move to Aberdeenshire to live, work and take advantage of the leisure opportunities. It is a necessity for the long-term wellbeing of the region.
- The COVID-19 crisis has confirmed the **foundational importance of digital technologies** in all aspects of life, and enhanced investment will likewise be a foundation of economic recovery and a robust and resilient wellbeing economy.
- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, **transport connectivity** is essential for their survival.
- **Transport Infrastructure in Aberdeenshire is improving, the long awaited AWPR has significantly improved travel times for residents and businesses**. There are infrastructure upgrades and improvement projects planned over the next decade that will benefit the region.
- **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>2</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 **roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users**. Additional resources are in place to support the large numbers of affected service users as the rollout extends to all of Aberdeenshire and the additional influx of claims due as a result of Covid-19.
- **Risk that funding for affordable housing cannot be spent in a slowed down market**. 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.



- Climate Change and the decarbonisation agenda will form an increasingly important element in infrastructure-related policies in future. 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>3</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, and has recently agreed a circular economy commitment. 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>4</sup>.
- **Due to COVID-19, some projects may experience delays in start dates**, meaning some projects may fail to meet expected carbon reduction targets for 2020/21.



### Our Environment: Resilient Communities

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- **Income inequality appears to be rising after a decline following the recession.** With the projected increase in older people the number of pensioners in persistent poverty will rise increasing demand for support services.
- 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 5,105 households on absolute low-income in Aberdeenshire**.
- **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.



### Our Economy: Economy and Enterprise

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- **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. The profile 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**.



- The COVID-19 pandemic during the early part of 2020 may result in a 14% drop in Scotland's GDP over the year. A similar drop in Aberdeenshire GVA would see GVA fall from £7.4 to approximately £6.4 billion – a level not seen since 2012. This at a time of depressed oil prices, to which Aberdeenshire is particularly sensitive. This is one of many consequences of the coronavirus pandemic. The socio-economic consequences of lower oil prices during the 2014-16 period 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 is seeking to **attract sizable inward investment** over the coming years. Aberdeenshire Council's involvement in the Invest Aberdeen initiative should provide additional opportunities in that regard. Brexit and the consequences of the COVID-19 pandemic may inhibit inward investment in future years, although enquiries relating to new renewable energy related inward investment projects continue to be actively managed.
- Aberdeenshire is **supporting and developing existing industries whilst encouraging innovation and diversification** and continuing to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents<sup>5</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.**



### Our Economy: Estate Modernisation

- Sound financial planning and the general economic context in which local authorities operate are crucial elements in the Estate Modernisation priority. **Scottish Government revenue funding to councils has reduced in real terms** over the period 2013/14 to 2020/21 by 3.3% Since 2017/18 however, it has increased by 3.9% in real terms, to £10.7 billion in 2020/21. This does not include additional funding in response to the COVID-19 pandemic. **The strain on budgets is evident as councils continue to dip into their reserves to make ends meet.** Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable. Aberdeenshire again received a relatively low Settlement Grant per head of population (3<sup>rd</sup> lowest in Scotland). The greatest stress on future budgets (besides real terms reductions) will likely come from **demographic changes.** Challenges will be particularly acute in Aberdeenshire, with a relatively large proportional increase in the over-75 age group.
- **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.



- There have been several significant financial events since the Council agreed its MTFS on 18<sup>th</sup> March 2020, all a consequence of the global coronavirus pandemic. The ultimate **potential shortfall in the revenue budget** (extrapolated from quarterly data) amounted to approximately **£30 million over 2020/21**.

Consequently, Strategic Leadership Team (SLT) began to identify material income streams which may not be realised this financial year and similarly where additional costs are likely to be incurred.

The detrimental impact on the Council's financial position has been unparalleled resulting in a situation which can be classed as a financial crisis.

**The actions taken by the Finance team and all relevant stakeholders** on the back of the unprecedented challenges may be considered **appropriate and laudable** given the circumstances.

- How we operate as a council in terms of service delivery, our human resources, and physical assets – these, too, are critical elements of Estate Modernisation. **Delivering services differently should be focused on improving outcomes in ways that are affordable**. The aim is to find more efficient and effective ways to improve outcomes for communities and, their experiences of services. This might mean providing services very differently or changing how and what services are provided.
- 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 41% of Aberdeenshire Council's workforce is over 50 years of age; 14% is over the age of 60. The Council will therefore need to consider if and how to replace these experienced workers over the next decade or so. This will likely be considered under the auspices of the workforce strategy – "Our Future Workforce".
- **The COVID-19 pandemic placed a great deal of stress on public sector organisations**. As category 1 responders, the Council activated emergency response mode. This involved, among other things, an immediate reprioritisation of staff and activity. The Workforce, Staff Mobilisation & Facilities Workstream was set up to assist with this cross-service work. Services in collaboration redeployed and re-tasked staff in a cross-service manner, so that the effort could all be focused on the emergency response. All staff and councillors were commended for the swift, skilled and unquestioning commitment to the council's emergency response. Consequently, **Aberdeenshire Council was recognised as being at the cutting edge of continued democratic input during the pandemic** and has been a source of "best practice" advice for other Councils and organisations such as COSLA.
- Looking to the future, organisations that lead on the **post-COVID-19 environment will boldly question long-held assumptions about how work should be done and the role of the office**. There is no one-size-fits-all solution. The answer, different for every organisation, will be based on what talent is needed, which roles are most important, how much collaboration is necessary for Best Value / excellence, and where offices are located today, among other factors.
- **The Council can also use this moment to break from the inertia of the past by dispensing with suboptimal old habits and systems**. A more permanent switch to remote working, or some hybrid between office and home working, will doubtless be a significant undertaking. Regardless of the eventual form that our working lives take, **permanent change will require exceptional change-management skills** and constant pivots based on how well the effort is working over a prolonged period of time.
- That kind of change will require transformational thinking grounded in facts. Ultimately, the aim of this reinvention will be to fulfil the vision of the Council's "Our Future Workforce"



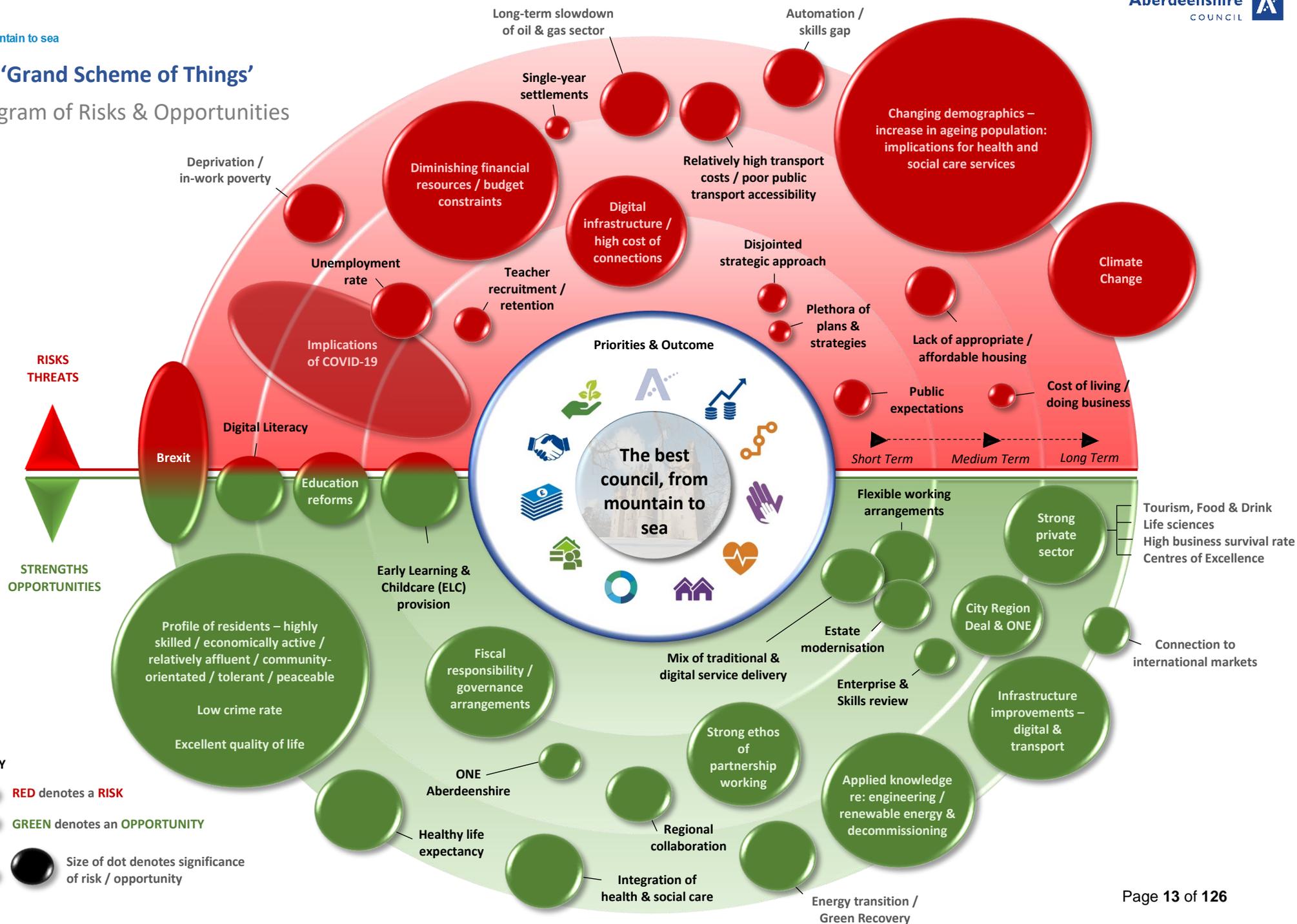
strategy, with **staff wellbeing and productivity likely to feature among the prime considerations.**

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





1



# Our People: Education

## 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.**
- Early Years are a critical component of future educational outcomes. 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.
- Upon school closures as a result of COVID-19, the Scottish Government announced that local authorities would no longer be legally obliged to deliver 1,140 hours of funded childcare from August 2020. The extent of the delay to 1,140 becoming a statutory entitlement across Scotland is yet to be determined.
- Processes were put in place in order that the needs of vulnerable children and young people were catered for during the unprecedented Lockdown period. Vulnerability assessments took account of known protective factors in a child's life (e.g. stable family relationships; parental understanding of child's needs; family resilience), as there are many children who are vulnerable but will be well supported at home during school closures and therefore may not require targeted support.
- 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.**
- Aberdeenshire's child population is expected to decrease by approximately 5,649 by 2043 (based on 2018 figures). This is contrary to the previous set of projected figures which suggested that Aberdeenshire's child population would grow at a faster rate than most other local authorities in Scotland (amounting to an extra 6,947 children by 2039). However, the new figures suggest the opposite is the case with the number of children projected to decrease from 49,033 to 43,384 between 2018 and 2043. That equates to an 11.5% decrease, which is slightly greater than the 10.5% decrease for Scotland as a whole.
- A selection of attainment-related indicators on the face of it suggests an assortment of outcomes for Aberdeenshire pupils relative to their peers nationally. Where attainment is measured in terms of courses and units, areas that present the greatest opportunity for improvement include S5 attainment and the attainment of less able young people. These were to be scrutinised during Attainment Review meetings in each secondary school.



However, overall attainment measured via course-based measures is, at most stages, broadly stable or improving. 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 2018/19 – 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.**
- There is also a **significant increase in the positive destination rate for Care-Experienced Young People (CEYP)** than previous years due to a range of Council initiatives.
- However, **the consequences of COVID-19 may negatively affect youth employment in the region.** Past experience tells us that while recessions naturally drive up unemployment across the population, **the effects are more severe for those who have only recently left full-time education.** While the realities of being unemployed are damaging in real time – potentially putting health, well-being and security at risk – the experience can also scar a person’s employment and pay for years to come. This is particularly worrying for young people, who are more likely to experience unemployment during a downturn, and who have their whole working lives ahead of them.
- **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.**
- Despite a projected decrease in the child population of Aberdeenshire by 2043, 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 **initiatives/projects are underway to negate these developments.**

## 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>6</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>7</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>8</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>9</sup>.**

Indeed, there is a proven strong relationship between early life experiences and how babies develop cognitively, emotionally, and physically throughout their lives<sup>10</sup>. The Early Years Framework states that ‘It is during our very earliest



years and even pre-birth that a large part of the pattern for our future adult life is set.'

Colleagues in the H&SCP rightly highlight the importance of supporting parents before their child attends pre-schools, as well as the joint work across services and the importance of the informal support available in communities.

Good practice that may be highlighted in this context includes, but is by no means limited to, the 'Book Bug' initiative provided by the library service, and the 'Triple P' project which supports families whose children are displaying behavioural problems. These have been provided in Aberdeenshire for a number of years and the outcomes are said to be very positive. (A summary of activities / outcomes is discussed further in Aberdeenshire's Children's Services Plan.)

## 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>11</sup>.

The Aberdeenshire Children's Services Plan 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. However, as with many other themes in this iteration of the Strategic Assessment, COVID-19 has impacted delivery.

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

Upon school closures the Scottish Government announced that local authorities would no longer be legally obliged to deliver 1,140 hours of funded childcare from August 2020. Scottish Ministers laid an order in the Scottish Parliament to revoke the statutory duty, allowing local authorities to focus on the coronavirus pandemic response.

The extent of the delay to 1,140 becoming a statutory entitlement across Scotland is yet to be determined. Councils across Scotland have been generally hindered as a result of the COVID-19 pandemic. For example, authorities were to some degree reliant upon their capital programmes, so that they could deliver the 1,140 Expansion.



The Early Years Service within Aberdeenshire ECS has focussed all required resources and efforts on the coronavirus pandemic response. Where there has been capacity, the Early Years' Service has continued to ensure that there is progress in relation to supporting 1,140 hours expansion activities.

Recent key areas of focus in relation to Early Years include the following:

**Staff and Recruitment:**

At the time of the latest staffing report on 11 March 2020, there were 44.4 Early Years Senior Practitioners (EYSPs) in post, putting dedicated ELC management support in place for 58 settings.

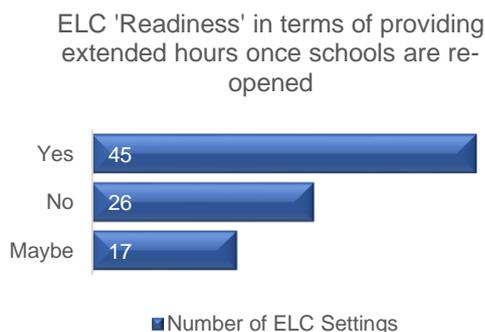
The current number of settings which have dedicated management support in place has increased to 73 out of 88 Early Learning and Childcare settings. This equates to 60 FTE EYSPs now recruited.

**ELC Settings and 1140 'Readiness':**

Currently 48 out of 88 settings were yet to transition into delivering extended hours, in preparation for August 2020.

Early Years staff have carried out an audit by contacting all the schools with an ELC setting to determine 'readiness' for providing extended hours post-lockdown. As part of this audit, the following have been considered: staffing, demand for places from this August, capital works and quality of provision.

The chart below presents the output from the audit, indicating the ability of ELC settings to provide extended hours once schools re-open in Aberdeenshire.



**Communications:**

The Aberdeenshire Early Years Team continues to support settings during the lockdown and has weekly Skype meetings, with all settings with an ELC setting, invited to attend. A mix of Early Years Senior Practitioners, Head Teachers and Depute Head Teachers attend these sessions.

In order to ensure that Funded Partners are supported during the lockdown, Aberdeenshire Council is conducting weekly Skype meetings with the Funded Partners in order to relay important information and seek solutions around matters which are affecting them.

**Funded Partners:**

Currently, Aberdeenshire Council has over 120 Funded Partners delivering ELC on its behalf. This includes 40 private nurseries, 36 playgroups and 44 childminders.

Aberdeenshire Council is continuing to make payments to Funded Partners for Early Learning and Childcare for the current term during the COVID-19 pandemic, in order to support the sustainability of the sector. This approach is taking place across Scotland. The payments are a vital part of safeguarding the Aberdeenshire childcare sector for the pandemic recovery phase and achieving Aberdeenshire Council's 1140 ambition for the area's children.

The Early Years Service is continuing with ELC procurement in order to develop capacity for childcare provision throughout the pandemic response, with 17 more childminders being taken on as Funded Partners to deliver emergency childcare. There are currently eight private nurseries and 35 childminders delivering emergency childcare across Aberdeenshire to more than 200 children.

The estimated expenditure in order to be able to provide up to 200 emergency childcare places is anticipated to be £653K for the current term, and £900K for the term and the summer holiday combined. This is based on the maximum



number of places being funded. Based on current numbers, the block funding would fund approximately 165 emergency childcare places with private providers at a cost of £510K for the term, and £706K for the term and summer break.

There may be additional funds which Aberdeenshire Council is able to access from the Scottish Government to cover this financial implication, but this is not guaranteed.

The Early Years Service is working with Early Years Scotland to support the 36 voluntary run playgroups commissioned to deliver ELC on behalf of Aberdeenshire Council, throughout the current lockdown and during the recovery phase.

The Early Years Service will work with Funded Partners leading up to, and beyond, the recovery phase. The independent sector has more Care Inspectorate-registered capacity as Aberdeenshire Council nurseries do overall, and it will be crucial to take this into account when planning the phasing process. A transitions group will be set up with representation from Aberdeenshire Council and the Funded Partners.

**Quality:**

In February, 2020, the Care Inspectorate and Scottish Government launched a new improvement programme for ELC in order to support settings reaching a Quality Grade of 4 or above, as this grade will be required to meet the National Standards for delivery of ELC, once the 1140 Expansion is in place. Aberdeenshire Early Years Service has been linking in with the Care Inspectorate in order to prioritise those settings requiring additional support.

Both the Early Years Principal Teachers and Development Workers are also supporting settings, through a prioritisation approach, in order to ensure that settings are being provided with support proportional to their needs.

**Learning Estates:**

A total of 72 projects are scheduled as part of the investment in ELC

infrastructure, totalling a value of £9 million.

As of March, 2020, roughly 60% of the overall refurbishment programme had been delivered, and there was feedback and evidence of a significant transformation of learning and play spaces available to children in our estate, as a direct result of the capital investment.

There has also been investment in the independent childcare sector, with £1million of funding allocated to support expansions and improvements.

4. **Other COVID-19 Responses**

**Childcare Hubs:**

One of the critical activities identified by the Scottish Government was the provision of learning and childcare for the children of key workers and for vulnerable children.

In Aberdeenshire, this has been achieved through the operation of 17 Childcare Hubs, one per cluster of schools, plus the four Special Schools.

Initially, Hubs were open for Category 1 Keyworkers' children only but applications from Keyworkers of Category 2 and Category 3 were invited. Although uptake was initially low, the number of children in attendance began to grow.

**Vulnerability:**

Processes were also put in place in order that the needs of vulnerable children and young people were catered for.

Seven markers of vulnerability were developed to support schools to assess children and young people's vulnerability within the context of school closures during the COVID-19 pandemic. The seven markers are: 1. In receipt of free school meals; 2. Looked After Child at home; 3. Child Protection Register; 4. Child Protection investigation ongoing and not yet concluded; 5. Welfare concerns (e.g. parental substance misuse; parental mental health condition; domestic abuse); 6. Families whose needs are likely to escalate significantly as a result of the



COVID-19 situation (e.g. lone parents of children with significant and complex needs; families which are no longer accessing any respite); 7. Pupils who have significant health and / or care needs identified within a Child’s Plan.

Vulnerability assessments also take account of known protective factors in a child’s life (e.g. stable family relationships; parental understanding of child’s needs; family resilience), as there are many children who are vulnerable but will be well supported at home during school closures and therefore may not require targeted support.

At the time of writing there were 2,081 children and young people assessed as vulnerable across Aberdeenshire. Of that number, 265 were receiving face-to-face support through the Childcare Hubs, 54 were accessing Learning Pathway Plus activities, and 1,762 were being supported through virtual contact.

It is recognised that more children and young people are likely to become vulnerable over time as social, emotional and financial factors impact upon family life. Assessments are therefore ongoing through GIRFEC processes, and levels of support may be changed accordingly.

**Early Years:**

Significant work has been undertaken with our Funded Partner and Third Sector Partners.

- *Under 3’s:* The Early Years Team has worked with the Care Inspectorate to allow for some Hubs to be able to deliver childcare provision to under 3’s in areas where there is not a funded partner open. Currently 3 Hubs are providing for under 3’s
- *Funded Partner Provision* - Since March, 65 Funded Partner settings have closed due to staffing concerns to financial challenges they would face.
- *Current Funded Partner Emergency Childcare Provision* – The childcare provided by the Funded Partners supplements that which is provided by

Aberdeenshire Council, allowing for an increase in geographical coverage and increase in capacity for birth to two-year olds. There are currently 214 children accessing emergency childcare across the Funded Partners (58 of whom are of primary school age). There is a total of 9 private nurseries and 35 childminders delivering emergency childcare which are in partnership with Aberdeenshire. Funded Partners are offering emergency childcare to children from birth to Primary 7. An additional 18 childminders have either come into partnership or are taking steps to come into partnership with Aberdeenshire Council since 23 March 2020.

- *Block Funding* - In April 2020, the Education & Children’s Services Leadership Team approved ‘block funding’ in order to protect key strategic Funded Partner settings. This will ensure that there is additional capacity in the childcare sector to meet the increase in demand and ensure that there is childcare in place for the 0-2 age range. Nine Funded Partner Hubs will be able to remain across Aberdeenshire in order to allow for maintaining current capacity and increased geographical coverage.
- *Third Sector* - Homestart Aberdeenshire supports parents/carers who have child/ren aged 0 – 5. Homestart would usually carry out home visits, but they are not able to at present. As a substitute, Homestart are carrying out remote home support for 317 children.

**5. Arrangements for Transition to Recovery Phase**

In order to prepare for transition, the following 11 Key Priority Areas have been identified:

1. Early Learning & Childcare (ELC)
2. Scottish Qualifications Authority (SQA)
3. Secondary Timetables
4. Vulnerable Children and Young People
5. Term 4 Planning Arrangements
6. Staffing and HR Matters
7. Childcare Hub Provision
8. Digital Learning



- 9. SQulP (Standards & Quality Improvement Plan) Processes
- 10. Parental Involvement
- 11. Pupil Participation

Lead officers have been identified to take the priorities forward.

A virtual workshop was organised before recess in order to consider the approach adopted and key aspects of the 'recovery phase' in respect of Education and Children's Services.

#### 6. **Scottish Government's Focus and the National Improvement Framework 2020**

The focus of the Scottish Government is to deliver an education system in Scotland which raises attainment for all, closes the attainment gap, and enables all children and young people to fulfil their potential.

The National Improvement Framework (NIF) is designed to fulfil that ambition. It sets out the vision and priorities for Scottish education that have been agreed across the system, and the national improvement activity that needs to be undertaken to help deliver those key priorities. This complements the ongoing implementation of Curriculum for Excellence (CfE), Getting It Right for Every Child (GIRFEC), and Developing the Young Workforce (DYW), which are the three supporting pillars of the Scottish education system.

Key Priorities in the 2020 NIF include the following:

- Improvement in attainment, particularly in literacy and numeracy
- Closing the attainment gap between the most and least disadvantaged children and young people
- Improvement in children and young people's health and wellbeing
- Improvement in employability skills and sustained, positive school-leaver destinations for all young people

Aberdeenshire Council continues to produce an Improvement Plan, detailing actions under the four NIF themes listed above. The plan provides the strategic

direction for how we work collectively as professionals, in collaboration with partner agencies and other local authorities as appropriate, to ensure we are doing all we can as a system to improve outcomes for the young people of Aberdeenshire. This plan will support Head Teachers and their teams in schools in leading forward their own school level plans for improvement, based on their local data, circumstances and need<sup>12</sup>.

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>13</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.**

#### 7. **General Attainment**

Each year, young people in secondary schools in Aberdeenshire are presented for National Courses and Units certificated by the Scottish Qualifications Authority (SQA), as well as a smaller number presented for a range of qualifications and awards accredited by bodies other than SQA. Since September 2014, young people's achievements in these awards are collated, analysed and presented through the Scottish Government's benchmarking system, *Insight*.

Insight presents attainment data in a number of forms, most importantly in the form of four key national benchmarking measures as follows:

- Improving attainment in Literacy and Numeracy
- Improving attainment for all
- Increasing post-school participation
- Tackling disadvantage by improving the attainment of lower attainers relative to higher attainers.



2018/19 data highlights important areas where attainment has not shown the improvements required to be in line with the Council's priority in this area. Where attainment is measured in terms of courses and units, areas that present the greatest opportunity for improvement include S5 attainment and the attainment of less able young people. These were to be scrutinised during Attainment Review meetings in each secondary school.

However, overall attainment measured via course-based measures is, at most stages, broadly stable or improving<sup>14</sup>.

### 8. **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, 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>15</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.

Colleagues in the H&SCP correctly suggest there needs to be a focus on a child's early communication, language and literacy skills to ensure all children have equal opportunity when starting formal education. This learning starts at home between 0-5 years.

Supporting parents to read, talk and play with their children are all key contributors to ensuring children have the best start.

Good practice that may be highlighted and, indeed, strengthened include the early literacy work driven by the Northern Alliance. This involved joint work between early years providers, SLT, and Schools. Early Intervention on phonological development has demonstrated positive improvements in young children.

The term 'deprivation' may cover many themes. A Scottish Government publication<sup>16</sup> suggests deprivation is something that 'affects *people* (not areas)' and that it is more than simply a question of income. People are deprived when they are restricted in their 'freedom to make choices'. Therefore, we should consider the broadest possible constraints on wellbeing. This could include, but is not limited to, discrimination, disability, a hazardous or sub-optimal living environment, or vulnerability. This may to some degree relate to Looked After Children, children with disabilities, young carers, or young people for whom English is their second language.

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.

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.

### 9. **PeterDeen**

PeterDeen<sup>17</sup> is an innovative programme of work led by Aberdeenshire Council and delivered in partnership with Aberdeen FC Community Trust to offer alternative educational opportunities to some of the area's young people.

There are young people in all of our communities for whom the mainstream



model of education simply does not work, and the programme was devised to find a way of keeping them engaged and giving them the best life chances.

The clear correlation between school attendance and attainment meant that the outcome of the programme was about increasing attendance at Academy level to provide students with the best life chances. This meant finding a way to change their perception of themselves and the place in which they live and, of course, what they themselves can achieve. It delivers a curriculum through which students are encouraged to celebrate their own achievements and develop as independent, responsible and creative young people with a lifelong interest in learning and self-development. A launch has also taken place to expand this programme into the Fraserburgh Academy catchment.

10. **Positive Destinations<sup>18</sup>**

School leaver destination information is used to monitor progress in improving the proportion of school leavers in positive and sustained destinations, which now forms the basis of one of the national benchmarking measures within the Scottish Government’s senior phase benchmarking tool, *Insight*.

There has been a significant change in the leaver destination categories in 2018-19. For the first time, all school leavers undertaking Personal Skills Development (PSD) are now recorded in a new PSD category, which is now classified as a positive destination (previously negative). This is most likely to affect those leavers from special schools with complex needs who undertake PSD.

The overall positive destination rate in Aberdeenshire has progressed from 91.2% (2009/10) to 96.4%, remaining stable in 2018-19. Aberdeenshire is still performing above the national figures, the ‘virtual comparator’ and the Northern Alliance, and currently ranks 5<sup>th</sup> out of 32 local authorities in Scotland.

The majority tend to go on to Further or Higher Education.

Compared to last year, there are more leavers going on to Further Education and less moving into Higher Education. As a result of Developing Scotland’s Young Workforce, Aberdeenshire schools have strengthened their partnership-working with colleges, offering pupils wider opportunities to engage in provision and increase knowledge regarding the range of courses available. Higher Education has decreased, although the longer-term trend pattern over last 10 years has recorded fluctuations between 35% to 45%. The majority of S4 leavers in 2018-19 went on to Further Education (63.8%) or Employment (25.2%), while the majority of S5 leavers went on to Further Education (47.1%) and the majority of S6 leavers went on to Higher Education (69.0%). There is a higher percentage of S6 leavers going on to Employment in 2018-19 than the previous year.

There is a significant increase in positive destination rate for Care-Experienced Young People (CEYP) than previous years due to a range of Council initiatives including an increase in Family Firm placements, focused outcome delivery by Aberdeenshire Throughcare, Aftercare (TCAC) team and a range of partners contributing to Corporate Parenting key indicators, including improved joint-working between SDS, Social Work, Education and Opportunities for All (OfA) Officer. Over half of CEYP went into Further Education, an opportunity now financially viable as a result of the 16 to 19 Bursary Fund.

**Follow-up post-school and beyond:**

There is a consistent pattern both nationally and in Aberdeenshire that fewer leavers are recorded in a positive destination nine months after leaving school. However, this has improved in Aberdeenshire from 94.4% (2016-17) to 95.2% (2017-18) and is still significantly higher than the Scottish average of 93.2%. Analysis of the Aberdeenshire follow-up destinations led to increased partnership working between NESCOL, Education and



Skills Development Scotland, resulting in earlier identification of those ‘at risk’ of non-completion of college courses.

**Annual Participation Measure:**

Alongside Initial and Follow-up Destination Reports, impact of the OfA National Outcome is measured using the Annual Participation Measure, included in the Scottish Government’s National Performance Framework. The Participation Measure captures the activity of all 16-19 year olds, including those who choose to stay on at school as well as status of young people who have left school, compared to the school leavers destination report, which only reports on the destination of school leavers in a particular year. It combines data from SDS, schools, colleges, Scottish Funding Council, the Student Awards Agency Scotland and the Department for Work and Pensions (DWP).

**Support Provided to Young People:**

The Scottish Government’s ‘No-one Left Behind Agenda’ (NOLB) encompasses ‘Opportunities for All’. This is still a key driver and national performance indicator, to ensure that all school leavers secure a positive destination. Within Aberdeenshire, Opportunities for All is overseen by the Community Learning & Development (CLD) Working With Young People – OfA team. It is delivered in collaboration with a range of Council Services (including Education, Social Work, CLD Service, Social Work Employability Team (ACES) and Economic Development – ESTeam). The cross-partnership approach includes a range of third sector providers funded via the NOLB grant. Key partners include Foyer, LEAD Scotland, Station House Media Unit (SHMU) and Barnardos, who are linked into Aberdeenshire Employability Partnership (employmentCONNECT) and is overseen by the Employability Co-ordinator.

In Aberdeenshire, the key elements in delivering this aim are early identification of need via the GIRFEC/MAAP Meeting processes and intervention and support. Job Clubs are delivered in Schools by the Economic Development – ESTeam

alongside partners. Early identification of those requiring an Activity Agreement, up to 6 months prior to leaving school, enhances links between learning pathways and post-school employability interventions. Effective tracking and monitoring jointly between SDS, Education and OfA Officer of young people as they pass through the system. Appropriate provision and opportunities at each stage are discussed at employmentCONNECT with partnership working between the Key Services and range of partners in Aberdeenshire

The Aberdeenshire Developing Young Workforce (DYW) offer ensures a range of initiatives are on offer to pupils. It is responsive to needs of the local labour market and strengthens partnerships between Schools, Colleges and Employers. A range of partners are involved in supporting delivery of DYW, for example, Station House Media Unit (SHMU) delivers both Activity Agreements (Stage 1 post-school Employability Provision funded by OfA Officer) and recently engaged in a pilot Foundation Apprenticeship flexible project. Our DYW commitment strengthened when, as a Council, in 2019-20, we became a lead provider in delivery of Foundation Apprenticeships (FA). The work-related learning basis of the FA will allow young people to progress directly into a positive destination whether that be in work, college or university.

Skills Development Scotland working with the local authority has a key role in ensuring every young person is provided with an opportunity to move into a positive destination by using a career coaching approach (Career Management Skills), focusing on those pupils who require the most support to transition into education, training or employment. A ‘needs matrix’ is used, validated by school, to suggest the level of support needed for each young person, which takes into account known barriers to transition and participation such as disability, care experience, interrupted learning etc. Support continues post-school for those aged 16-19 years of age



(enhanced offer for CEYP up to age 26) via their NEXT STEPS Offer, providing ongoing one-to-one support for unemployed young people to help them transition into a positive destination.

**11. Action by ECS on Attendance and Absence**

levels of attendance of children and young people within schools in Aberdeenshire have broadly been maintained, although the overall absence levels have marginally increased. There is no single explanation for this increase.

Aberdeenshire attendance has continued to rank fourth highest across all 32 local authorities in Scotland in the latest biennial national reporting of attendance and absence available (2018/19) – 1.4% above the median (with levels ranging from 95.2% in East Renfrewshire, to 91.2% in North Lanarkshire). The Aberdeenshire attendance levels for 2018/19, although lower than those achieved two years ago included in the previous national collection for 2016/17, remain over 1% higher than those achieved across Scotland in both 2016/17 and the most recent collection for 2018/19.

The Scottish Government publishes detailed guidance on the promotion of good attendance and effective management of attendance in schools, with the latest version published in June 2019.

Each Head Teacher in an Aberdeenshire school is responsible for ensuring that their school operates systems for accurately recording attendance and absences on a daily basis, and for monitoring and following up any irregular or unexplained patterns in attendance. To achieve this, schools also work closely with parents and carers to ensure that every absence can be accounted for and explained, and to ensure that parents and carers understand their role in ensuring that their children do attend school. Quality Improvement Managers and Officers (QIMs and QIOs) assist in monitoring and tracking school attendance

and absence rates as part of the general quality assurance offered to schools. As part of this quality assurance, there is scrutiny of the reasons for absence, discussion of strategies for raising levels of attendance, setting targets for improvement, and highlighting the importance of good attendance. Attendance is also monitored throughout the year by the Cluster Lead Team at regular scheduled meetings, along with ASHTA and PHTC. Outcomes from these meetings inform quality assurance processes involving Heads of Service, QIMs, QIOs and school Head Teachers.

**12. 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>19</sup>.

The Northern Alliance is a Regional Improvement Collaborative [RIC] between eight local authorities, across the north of Scotland, including Aberdeenshire. Each RIC has to produce a Regional Improvement Plan. The Regional Improvement Plan is tasked with outlining how the RIC intends to reduce inequalities and target improvement in the four national priorities from the National Improvement Framework (NIF). The Phase 3 Regional Improvement Plan for the Northern Alliance was submitted to Education Scotland on 2 September 2019.

The Phase 3 Regional Improvement Plan has four key workstreams:

1. Curriculum
2. Raising Attainment and Closing the Gap
3. Sustaining Education
4. Leadership

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>20</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.

**Parental Involvement:**

An updated draft of the statutory guidance for the Scottish Schools (Parental Involvement) Act 2006 is currently out for consultation. The draft guidance deals with four main items including:

- 1) An explanation as to what is meant by parental involvement and engagement;
- 2) An explanation of the duties the Act places on Education Authorities and the responsibilities they have;
- 3) Guidance to Parent Councils on their rights, role and responsibilities as set out in the Act as well as detailing the role of head teachers in supporting Parent Councils; and
- 4) The role of head teachers and school leaders, Her Majesty’s Inspectors of Education and other key organisations.

The duties and powers within the Act do not sit in isolation. They are part of a much broader set of policies, laws and approaches which help to define the Scottish approach to education. This includes, but is by no means limited to, the school empowerment policy, ‘*An Empowered System*’. Published in draft form in 2019 “An Empowered System” is a guidance resource designed to support the education system in its collective endeavour to improve children and young people’s outcomes. The guidance explores the contributions of eight key partners in an empowered system – school leaders, learners, local authorities and regional improvement collaboratives, Scottish Government and national organisations, partners, support staff, teachers and practitioners and **parents and carers**. The guidance encourages collaboration, collegiality and mutual respect between all partners.

Aberdeenshire Council has undertaken a Parental Involvement an Engagement Strategy, accompanied by an Action Plan (2018-2021). This demonstrates Aberdeenshire Council’s commitment to improve the quality and the extent of all parents’ involvement in their child’s learning and the important role they play in their child’s education. The plan sets out a vision for parental involvement and engagement and covers a journey that a child takes from pre-birth to age 18.

The strategy is based on three key principles:

1. That our priorities and our approach should be guided by the needs and interests of the child/young person and their family.
2. That parents are the primary educators of children.
3. That it is only through positive relationships – relationships between families, and those working with children and young people, relationships based on trust, mutual respect and partnership – that we will achieve our aims.

**13. Teacher Recruitment / Retention**

As in many areas throughout Scotland, teacher recruitment/retention is a recognised issue in Aberdeenshire, and the teacher staffing position continues to be challenging at a local level.

The areas where some shortages are still being experienced are in primary schools in north Aberdeenshire (Banff, Huntly, Fraserburgh and Peterhead) and in secondary schools across Aberdeenshire for certain subjects such as science, technical, maths and home economics.

The probationer placement process for 2019/20 again was challenging. The numbers for secondary schools were lower than requested and there was a subsequent high withdrawal rate.

Although probationers are a welcome resource, particularly if those from



outwith the north-east can be encouraged to stay, officers have observed that relying on probationers does result in a relatively inexperienced staff mix which can cause concerns among parents.

Aberdeenshire Council is engaged in a number of ongoing actions designed to improve the situation locally. These include:

- Making use of schemes which offer an alternative route into teaching, including Distance Learning Initial Teaching Education (DLITE) for both primary and secondary.
- Partnership schemes, including the joint Aberdeen University project *Aberdeenshire Student Incentive Scheme for Teaching (ASIST)*. The aim of this is to attract students to undergo secondary teacher training through Aberdeen University with a 4-year programme in which they secure a teaching post for 2 years after their probationer year.
- Relocation Incentive Scheme. All teachers relocating to Aberdeenshire Council have access to the corporate relocation scheme, which allows new staff to reclaim eligible expenses incurred in relocation up to a maximum of £8,000.
- Creative marketing and advertising routes to promote both Aberdeenshire Council as an employer and teaching roles within the Council.

Other ongoing actions include:

- Exploring ways to ‘grow our own teachers’ by encouraging local people into the profession.
- Exploring with partners the possibility of developing new courses which will allow a wider cohort to enter teaching
- discussions with the universities
- and General Teaching Council for Scotland (GTCS) the possibilities to improve the registration process for those who are degree qualified but who lack certain qualifications, such as a maths qualification.

- continuing to work with colleagues in the Northern Alliance to share good practice and to lobby for continued teaching course spaces at universities

## Forward Look

### 14. General risks associated with ELC expansion

The budget in 2019/20 for Early Years and the Expansion was £28,080k in 2019/20, and an additional £12,525k increase is in place for 2020/21. The delay in delivering the 1140 Expansion will result in underspend: the precise amounts will depend on the recovery phase. This saving will be able to result in any additional costs to Funded Partners for the delivery of emergency childcare.

**Consistent, flexible service provision may prove challenging in remote and/or small communities, and in some cases will be more expensive to deliver<sup>21</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 nursery’s 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.



In future, opportunities exist to review the admissions and demand data for the first full cohort of children and parents who will potentially be accessing their 1,140 hours entitlement. Knowledge and understanding of this data, combined with CHI and housebuilding data, will assist the process of refining the remainder of the Infrastructure Programme and help inform future decision making, to ensure that Aberdeenshire Council remains in a relatively strong position to efficiently meet demand as the expansion evolves.

**15. 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>22</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.**

**16. Demographics and School Capacity**

Aberdeenshire’s child population is expected to decrease by approximately 5,649 by 2043 (based on 2018 figures). This is contrary to the previous set of projected figures which suggested that Aberdeenshire’s child population would grow at a faster rate than most other local authorities in Scotland (amounting to an extra 6,947 children by 2039). However, the new figures suggest the opposite is the case with the number of children projected to decrease from 49,033 to 43,384 between 2018 and 2043. That equates to an 11.5% decrease, which is slightly greater than the 10.5% decrease for Scotland as a whole.

Pupil numbers are expected to decrease over the next few years after peaking in 2023. Currently, there are 10 schools within Aberdeenshire that at or above 95% capacity. This number is projected to increase to 23 by 2027. Six secondary

schools are expected to attain or exceed 100% capacity by 2027. This group includes (2027 capacity in brackets): Kemnay Academy (148%); Inverurie Academy (115%); Meldrum Academy (109%); Portlethen Academy (103%); and Banchory Academy (100%).

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.

**17. COVID-19 – Consequences for Youth Employment**

**the consequences of COVID-19 may negatively affect youth employment in the region.**

The current recession, like those that came before it, has already driven up the number of people who are out of work, and cut the number of vacancies available to them. Other adults are reporting substantial reductions in the hours they work and the pay they take home. And while recessions are likely to affect most workers in one way or another, their most severe consequences will disproportionately be felt by the most vulnerable: the lowest paid, the lowest qualified and the least experienced.

Research in the US, UK and Canada has established that leaving education in the midst of a recession will dampen the employment prospects for that entire cohort of leavers, in particular those with lower-level qualifications.

While recessions, such as the 2008 financial crisis, raised unemployment overall, and even more so for 18-29-year-olds (from 8% to 11% between 2008 and



2012), the worst effects were reserved for those who had only recently left full-time education. And among them, recent non-graduate leavers were hardest hit. For those recent leavers with mid-level qualifications, unemployment nearly doubled between 2008 and 2011, rising from 10% to 19% nationally. Among those with lower-level qualifications, unemployment rose from 23% to 32% over the same period.

**Unlike previous recessions, the most affected sectors are those that attract a large proportion of those leaving education.** A key component of previous recessions was a tendency of education leavers at all levels, and graduates in particular, to ‘trade down’ to lower-skilled occupations. (in which they were then more likely to get stuck due to depressed job mobility). During the COVID-19 crisis, however, there is a very large question mark over any group of leavers’ ability to do these jobs. Many of the lower-paying roles that education leavers have tended to enter into during their first years in the labour market are in sectors like travel, non-food retail and hospitality which were largely shut down during the pandemic, and unlikely to reach full capacity again in the near future. In other words, the first rung of the employment ladder looks to be broken, and it is unclear when, and if, it will be mended back to recent conditions.

**18. New National Workforce Support Group**

A new workforce support group created in response to COVID-19 is surveying Scotland’s education workforce, including early learning and childcare, to find out what additional training and wellbeing support is needed.

The group is one of a number of workstreams formed by the Scottish Government and is focused on looking beyond the immediate impact to consider how national and local government can best work with key partners to support schools and early learning and childcare services in moving forward

**19. Review of further and higher education support**

Scottish Ministers have commissioned work on the future provision and sustainability of colleges and universities in light of coronavirus (COVID-19). The Scottish Funding Council (SFC) will review the provision and delivery of teaching and research activity across the college and university sector, as well as how activity will be funded.

A SFC paper published in April showed that universities face operating deficits of between £383 million and £651 million in academic year 2020-21 alone, while the college sector faces significant challenges as a result of loss in income and increased costs.

The review will consider the changes needed to existing funding, operations and accountability frameworks in order to respond effectively to the new challenges and opportunities brought by COVID-19. It will provide advice, where appropriate, to Ministers on relevant changes to policy funding for tertiary education and research. Ministers have asked SFC to provide its initial considerations by August.

**20. Education Recovery Group**

The Education Recovery Group (ERG) was set up in response to COVID-19, with the wellbeing of pupils among its top priorities. It includes representatives from local authorities, teachers’ organisations and trades unions.

The ERG issued new guidance on the ‘blended model’ of both classroom and home learning when schools re-open in August. The guidance also details broad expectations for what Scotland’s curriculum will look like during this period in Early Learning Centres and schools, including through Gaelic Medium Education.

The guidance includes:

- a focus on prioritising the physical, mental and emotional wellbeing of children and young people, practitioners and families



- using the Refreshed Narrative for Curriculum for Excellence as a practical tool for practitioners.
- continuing engagement with children and their families to support them in this new way of learning
- considering the impacts of coronavirus (COVID-19), especially in vulnerable children and young people and those with additional support needs

Guidance on the curriculum, aimed at parents and carers, will be published shortly in partnership with the National Parent Forum of Scotland.<sup>23</sup>

### 21. The Learning Estate

The Learning Estates Team manages and prioritises budgets for the following:

Educational enhancements Capital projects for Education and Children’s Services (E&CS) 1,140 Early Learning and Childcare (ELCC) projects.

Priorities for 2020/21 include:

#### **Aberdeenshire Wide Priorities – Education:**

- Continue work on the strategic review of the Learning Estate.
- A review of Secondary School Capacities, incorporating temporary accommodation into the published capacities.
- Update the Learning Estate Strategy in line with Connecting People, Places and Learning.
- Review of New Building Primary School Brief.
- Presenting the Transport Policy to committees.
- Further develop accessibility to schools.
- Updating suitability core facts.
- Responding to all placing requests.

#### **Consultations and Engagements:**

- The conclusion and implementation of the rezone of Hillside School.
- Conclusion and reporting on Strachan School consultations.

- Engagement with the Longhaven community regarding the future of Longhaven School.

#### **Community Campuses:**

The Inverurie Community Campus was scheduled to open in spring, 2020. However, due to the COVID-19 pandemic, this was not possible. While there are no guarantees given the ongoing restrictions, partners in this extensive project began on-site planning and preparation for the recommencement of building works in early June 2020.

Although it is too early in the re-mobilisation process to be able to forecast a completion date, this is an important first step towards completion of the new campus accommodation.

Peterhead Community Campus has also been selected as one of the first eleven projects to receive part funding through the Learning Estates Investment Programme, a partnership between Scottish Government and COSLA.

A formal statutory consultation period has been concluded regarding the relocation of Peterhead Academy. A report will be submitted to Buchan Area Committee and to the Education and Children’s Services Committee, in due course.

Continued public engagement has taken place with parents, pupils and the wider community at Dales Park, Meethill and Anna Ritchie Schools on the proposed merger of Dales Park and Meethill, and the relocation of Anna Ritchie to the Community Campus site at Kinmundy. Community, Sport and Leisure requirements are being finalised by Live Life Aberdeenshire through public engagement.

An independent consultant has been appointed to assess and to provide mitigation on the town centre impact of the relocated Community Campus and any wider social impacts.

Elected members are keen to underline that while many construction projects are



on pause, preparatory work on this project is very much continuing.

The projected timetable for Peterhead Community Campus continues to estimate its completion in 2025, with works beginning in 2023.

In addition to the project mentioned here, work continues on a range of capital projects across Education & Children's Services, including new-build schools, refurbishments and general enhancements.



2



# Our People: Health and Wellbeing

## Key Judgements

- **There are health inequalities in Aberdeenshire** which, if left unchallenged, present a ticking time bomb for the NHS, the Aberdeenshire Health and Social Care Partnership (AHSCP), and the Council. The recent lockdown has shown that behaviours can be changed, and the momentum must be maintained.
- **Early intervention to tackle mental health issues can tackle problems earlier, be more cost effective in the long term.** Recent events will have increased the magnitude of mental health problems in Aberdeenshire. The scale of the problem means that support for people with mental health problems will need to come from a variety of sources **through partnership working** – council, Live Life Aberdeenshire, 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. Obesity and low levels of physical activity are common to both mental disorders and other non-communicable diseases. Many of these conditions can be delayed or prevented with more focus on prevention and changes to lifestyle and behaviours.
- The Aberdeenshire Health and Social Care Partnership (AHSCP) has a fundamental role to play in any discussion around the health and wellbeing of Aberdeenshire residents. The AHSCP have clearly identified **the need for effective use of resources to deliver health and social care** in Aberdeenshire. This will include delivering technology enabled care services however **there is a digital divide across Aberdeenshire with not all areas having the speed and reliability required.**
- **Prevention and early intervention to tackle long-term conditions including obesity** through provision of accessible and sustainable health services and commitment from residents to take responsibility for living as healthy a life as they can. A whole systems approach will be required to deliver effective solutions.
- **Working in partnership** the AHSCP, Council Services and third sector partners 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.
- AHSCP is facing the **same demographic challenges** as Aberdeenshire Council’s Housing Service in terms of increasing population and changes in household composition. They both have the **same shared objective of increasing resilience and empowerment within the community.**
- The **workforce supply issues are also shared by other public and third sector organisations across Scotland.** Making the area the location of choice to attract workers and their families is key to recruitment. Investment in the area’s digital and transport networks will play a part in this.



## 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.

There is clear evidence that Covid-19 patients with reported underlying medical conditions are more likely to require hospitalisation, might die or be left with pulmonary scarring known as pulmonary fibrosis. This leads to breathing difficulties and fatigue and more susceptible to other lung infections. Additional support for those affected will be required in the form of long-term rehabilitation to deal with the effects of pulmonary fibrosis.

Health inequalities are the unfair and avoidable differences in people’s health across social groups and between different population groups<sup>24</sup>. Current average life expectancy in Aberdeenshire is 79.3 years for men, the 4<sup>th</sup> highest in Scotland, and 82.3 years for women, the 9<sup>th</sup> highest in Scotland. Across Aberdeenshire that figure varies considerably. Female life expectancy can differ by 11.7 years and male life expectancy by 13 years. The most recent data available reported that both the lowest female and male life expectancy was to be found in one of the most deprived areas (Peterhead Harbour) at 77.6 and 71.7 years respectively. The highest life expectancies were to be found in some of the least deprived areas in Aberdeenshire at 89.3 for females (Banchory East) and 84.7 for males (Newtonhill). The best way to reduce

health inequalities in older age is to reduce the inequalities of society across the life course.

It is residents in the more deprived areas who are less likely to rate their health as either ‘good’ or ‘very good’. They are also more likely to report that their day to day activities are limited a little or a lot. In 2018 71% of Scotland’s adults described their health as ‘good’ or ‘very good’, the **lowest recorded** since 2008. The rate for children was 94% -very little change from previous years.

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.

### 2. Obesity

Scotland has the highest obesity rates in the UK, and they are among the highest in the developed world. After a period of rising levels, obesity rates are now stable (but remain high). The Director of Public Health (Scotland) Annual Report (2018/2019) also focused on Obesity. Obesity in Scotland shows a strong link with inequalities. Lower socio-economic status is associated with higher levels of obesity.

25% of Aberdeenshire’s intermediate zones have over 30% of their residents with an approximated social grade of DE. Three of them have between 44 and 48% of residents graded DE. Those in the DE group tend to be in semi-skilled & unskilled manual occupations, unemployed and in the lowest grade occupations.

- Risk of obesity in children is lowest for those living in more affluent areas.
- Around 32% of adults living in the most deprived areas are obese, compared with 20% of those living in the least deprived areas.



- Women and children in the most deprived areas are particularly affected by more extreme obesity.

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>25</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>26</sup>. Evidence suggests a link between overweight and obesity in midlife and dementia in late life<sup>27</sup>.

Evidence from the Scottish Health Survey 2018 indicates that obesity has increased over time in Scotland in adults aged 18-64.

- Prevalence of children at risk of obesity has remained relatively stable in 2018 at 16%.
- The proportion of children at risk of obesity significantly increased with age, from 11% of those aged 2-6 to 21% of those aged 12-15. These proportions were the same for both boys and girls.
- The proportion of children in the healthy weight range decreased by age; this pattern was more pronounced for girls.

The cost to the health service in Scotland of overweight and obesity combined is estimated to be between £363 and £600 million (most of these costs are incurred because of associated conditions such as cardiovascular disease and type 2 diabetes, rather than direct costs of treating or managing overweight and

obesity). The latest estimate, in 2015, of the total (direct and indirect) costs of overweight and obesity in Scotland, including labour market related costs such as lost productivity, has been put at £0.9-4.6 billion<sup>28</sup>.

With considerable individual, social, and economic consequences, obesity continues to be a key priority and a major challenge for the Scottish government, the NHS and other public services. 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>29</sup>. The National Survey for Wales 2016/17<sup>30</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.

There are four areas<sup>31</sup> likely to have the greatest impact on obesity prevention: energy consumption, energy expenditure, early years behaviour and working life behaviour.

### 3. 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>32</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.



#### 4. 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 developed the Sport and Physical Activity Strategy 2018-2028 to support the delivery of the Council Priorities over 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 is based on strong and meaningful partnerships, particularly between the Council, Health and Social Care Partnership, key partners, third sector organisations and the dedicated and passionate people in our communities.

#### 5. 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>33</sup> and has plans to increase its reach and impact.

This supports one of the key priorities identified as being most relevant to Sport & Physical Activity Services:

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

#### 6. 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>34</sup>. This includes the relevant health related policies and associated training courses for mental health, walking over lunch groups and annual pedometer challenges have been a regular feature along with health assessments. Although the “Wellbeing” weeks held at workplaces are now on hold until sites reopen, online stress reduction courses are now available. A series of Wellbeing Newsletters (19) covering a wide variety of topics have been published so far in 2020. Over recent months there have been several Restart a Heart sessions training employees in the use of a defibrillator

#### 7. Alcohol and Drugs

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.

The annual Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) programme published by Public Health Scotland June 2020<sup>35</sup> reported that in 2019 alcohol consumption in Scotland - estimated from the total volume of alcohol sales – remained at its lowest level since 1994. 9.9 litres of pure alcohol was sold per adult, equivalent to an average of 19 units per adult per week. The volume of pure alcohol sold in Scotland was 9% higher than in England and Wales, and this represents the smallest difference since 2002, for the second consecutive year.

Alcohol continues to be a leading cause of illness and early death in Scotland, and significant inequalities persist in both alcohol consumption and the harm it causes. For those that exceed the low risk weekly drinking guideline, mean weekly consumption is highest amongst those in the lowest income group. In 2018, 1,136 people in Scotland died due to a cause



wholly attributable to alcohol, with rates of alcohol-specific death substantially higher in the most deprived areas of Scotland, compared to the least deprived.

The 2018 SALSUS<sup>36</sup> survey (reported at an Aberdeenshire level) indicated that there have been major changes in acceptability of young people (13 + 15 years) to trying alcohol and cigarettes to see what it's like – an increase of 22% and 7% respectively since 2013. There was also a rise of 4% in the number of 15yr olds reporting using drugs in the last month with 39% of 15-year olds reporting that they had been offered cannabis. A high proportion (52% of 15-year olds, 25% 13-year olds) reported that it would be very or fairly easy to get illegal drugs.

There has been a drop in alcohol consumption in Scotland. However, involvement in extracurricular activities such as sport and culture remain a good way to divert attention from alcohol to physical activity, mental well-being 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>37</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.

**8. Allotments**

For all age groups including 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. Aberdeenshire are currently looking to increase the number of available

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

**9. 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 Council runs a staff pool e-bike scheme available at some offices to encourage employees to try out the bicycles for work or personal use. A bike maintenance station has been installed at Woodhill to support bicycle users. Funding came from Cycling Scotland's Friendly Employer funding.

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. Money has been awarded from Sustrans to enable the changes. The Spaces for People initiative will enable local authorities, regional transport partnerships and other statutory bodies to introduce temporary projects to create safe walking and cycling routes as a result of Covid-19.

Key criteria within the project include protecting public health, essential journeys, getting viable schemes up and running as soon as possible and, above all, ensuring physical distancing is



maintained across the transport network. Discussions are continuing with Sustrans, Transport Scotland, Regional Transport Partnership and Public Health to identify what capacity there is for the introduction of measures to cope with the renewed appetite for activities particularly for cycling in the future.

10. **Green Spaces**

Green spaces are more than just places for recreation or to help wildlife thrive – they also provide important functions to society which have an economic value. For example, the Land Trust states that woodlands absorb pollution and lock up carbon, which cleans our air, and wetlands store water, reducing flows which help to reduce the risk of flooding. These functions benefit society and help reduce costs on local and wider communities, such as to the NHS, other public sector services and local businesses<sup>38</sup>.

The Council is currently reviewing the Play Park Strategy to ensure that it supports the delivery of the council’s priorities particularly 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. During lockdown they proactively kept up their active engagement with residents, involving them through social media and use of videos to share the best of Aberdeenshire’s countryside.

11. **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>39</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.

In the most recent Scottish Health Survey 2018<sup>40</sup> mental health and wellbeing continued to be clearly linked to deprivation with those in the most deprived quintile almost twice as likely to have a GHQ-12 score of 4 or more (indicative of a possible psychiatric disorder) as those on the fifth quintile. The percentage of adults significantly decreased with age from 24% among those aged 16-24 to 13% among those aged 75 and above.

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. A school counselling service is to be developed with school counsellors employed by the authority.

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 everyday issues such as stress, anxiety and depression that can affect the way that people feel about themselves and others.

The council has made promotion of health and wellbeing one of its 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>41</sup>.

12. **Key priorities of the Health and Care Strategic Plan**

- Prevention & Early Intervention
- Reshaping Care



- Engagement
- Tackling Inequalities and Public Protection
- Effective use of Resources

To deliver the public health priorities we need to work more effectively together as part of a whole system approach. Whole systems working can be defined as applying systems thinking and tools that enable:

*“An ongoing, flexible approach by a broad range of stakeholders to identify and understand current and emerging public health issues here, by working together, we can deliver sustainable change and better lives for the people of Scotland.”<sup>42</sup>*

### 13. Health Inequalities

Health inequalities are the unjust and avoidable differences in people’s health across the population and between specific population groups. The existence of health inequalities in Scotland means that the right of everyone to the highest attainable standard of physical and mental health is not being enjoyed equally across the population. The best way to reduce health inequalities in older age is to reduce the inequalities of society across the life course.

Key actions to reduce inequalities are delivered through fair and equitable access to good quality housing, education, health and other public services. The public services should be planned and delivered in proportion to need.

### 14. 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 (<70%) Board and Aberdeenshire Council (>30%). The Integration Joint Board (IJB) make decisions about how the funding is

spent. It is accountable to the Council through the Communities Committee<sup>43</sup>. Integration joint boards are responsible for commissioning health and social care services, so councils are no longer wholly responsible for social care services.

In 2018 Audit Scotland provided an update on progress of the Health and Social Care Integration. Some improvements had been made and showed that integration can work within the current legislative framework, but that Integrated Authorities are working in an extremely challenging environment. Improvements in financial planning, improved financial planning, significant changes to delivery of health and care services are required.

Examples of local improvements by Aberdeenshire were included in the report – the introduction of the Virtual Community Ward and referral pathways via physiotherapist.

The recent Audit Scotland Report ‘Local Government in Scotland Overview 2020’<sup>44</sup> reports that the pace of progress with integration across Scotland has been too slow and that adapting to new ways of working continues to be challenging. There has however been significant progress in implementing self-directed support but that it is not yet fully implemented.

The most recent Aberdeenshire Health and Social Care Partnership Strategic Plan 2020-2025<sup>45</sup> asks residents to commit to:

- Take responsibility for living as healthy a life as they can
- Contribute to their own health and wellbeing, make their own views known and participate positively in their own care
- Help to create a thriving, resilient community and use community resources to help them stay healthy and active.

In turn AHSCP will commit to:



- Design care and treatment around the assessment needs of the person
- Provide the best possible advice, care and support in a timely way and in the right place, irrespective of people’s circumstances
- Work closely with individuals and communities to understand their needs, maximise their talents and resources, support self-reliance and build resilience.

### 15. Demographics and Household Projections

In **2019** Aberdeenshire had the 6<sup>th</sup> highest population in Scotland (261,210). Between 1998 and 2019 the population increased by 15.5% - the 4<sup>th</sup> highest percentage change out of 32 council areas in Scotland. To put it in context Scotland’s population rose by 7.5%. The 65 to 74 age group saw the largest percentage increase (+72.3%).

Between **2016 and 2041** Aberdeenshire is projected to have a significant population increase of 12.8% - the sixth highest in Scotland and above the overall the Scottish growth rate of 5.3%<sup>46</sup>. The pensionable age group is projected to increase by over 28.7% with the 75+ age group rising by 94.2%. The 90+ age group is projected to increase by 220% in 2041 relative to 2014 (an increase of 4,146).

But before then, **(2018 – 2028)** the 75 and over age group is projected to see the largest increase (+39.6%) in terms of size, although the largest age group will still be the 45-64 age group. The 0-15 age group is projected to see the largest decrease (-5.3%).

The number of households in Scotland increased by 6.1% over the last ten years. In Aberdeenshire the figure was 9.0% (4<sup>th</sup> highest). In the last year alone, there was an increase of 0.9% in households (957) compared with the Scottish average of 0.7%.

The average household size is 2.31 people, a decrease of -3.7% over the last

10 years compared with the Scottish average of -1.6%. However, it is important to note that there has been a large increase in the number of single-person households<sup>47</sup>. NRS report that more than a third of Scottish households are single person households and an estimated 906,000 people are living alone. As far back as the 2011 Census the percentage of households in Aberdeenshire containing one person over the age of 65 was 11.7%. The day to day activities of 46.5% of those aged over 65 are limited due to a long-term health problem or disability (2011).

Across Aberdeenshire’s intermediate zones female life expectancy can differ by 11.7 years and male life expectancy by 13 years. The most recent data available reported that both the lowest female and male life expectancy was to be found in one of the most deprived areas (Peterhead Harbour) at 77.6 and 71.7 years respectively. The highest life expectancies were to be found in some of the least deprived areas in Aberdeenshire at 89.3 for females (Banchory East) and 84.7 for males (Newtonhill).

In 2018, there were 2,697 births in Aberdeenshire. This is an increase of 1.4% from 2,659 births in 2017. The standardised birth rate has increased to from 11.8 to 12.2 per 1,000 population compared with a decrease from 9.7 to 9.4 in Scotland.

Health data trends show that there are growing numbers of people of all ages with long term conditions such as diabetes, Chronic Obstructive Pulmonary Disease (COPD), heart disease and anxiety.

This pattern of demographics results in a rising demand for services without the immediacy of corresponding increases in resources. One of the outcomes from the Covid-19 pandemic is that patients with these underlying conditions who were hospitalised with coronavirus may need additional support for some time afterwards.



In order to maximise its resources AHSCP will work closely with partners in the third sector allowing it to increase the capacity of the health and social care support needed.

**16. 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. However, the current economic climate may help in this regard with fewer employment opportunities currently available in other sectors. The recent strategy includes workforce planning as a key area of work for the partnership along with the Third Sector.

The strategy recognises the importance of support for unpaid carers. They help people to remain at home and reduce their need for health and social care services. Unpaid carers will receive the support they need to look after their own health and wellbeing and receive the training they need to be confident in their caring role. This will enable people to continue in their caring role and can help families to stay together.

**17. 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 homeowners and tenants who can anticipate and take responsibility for their future housing needs.

The Anticipatory Care Strategy<sup>48</sup> is aimed at empowering people to take more responsibility for their own health care: ihub<sup>49</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. AHSCP is working with the Housing Service to meet both the National Housing Outcomes and the Local Housing Strategy priorities focus on the development of homes that meet people’s needs and support independent living.

Through a range of supported accommodation options to the availability of home adaptations those with a particular need will have the right to the practical assistance and support required to participate in society and to live an ordinary life.

**18. Tackling Inequalities and Public Protection**

Death rates of people who are in contact with the criminal justice system are three times higher in Aberdeenshire than in the UK (2019).

Community based commissioning of health and social care services means that the Courts have wider sentencing options that have better health and offending outcomes. A review of the Mental Health (Care and Treatment) (Scotland) Act 2003 will improve the rights and protections of people with a mental health problem and remove barriers to those caring for their health and welfare. People with mental



health problems will have their social, economic and cultural rights respected and will not be detained unnecessarily.

The work of AHSCP and its partners will provide the prison population with the same access to health and social care services as people living in the community and continue to benefit from continuity of care on their release.

The Partnership will reduce the health inequalities of people in contact with the criminal justice system through:

- Improving access to health and social care services
- Reducing stigma
- Supporting self-management

This helps tackle 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.

In line with the Local Housing Strategy and the Rapid Rehousing Transition Plans Aberdeenshire is part of a consortium which builds on the support offered by the Housing First Scheme. There is a commitment to provide 120 Housing First tenancies within Aberdeen City and Aberdeenshire by March 2021.

These homes will benefit people who are unintentionally homeless – many of whom are disadvantaged due to a mental health problem or drug or alcohol dependency. This is a joint approach with Aberdeen City, Aberdeen Cyrenians, Aberdeen Foyer and Turning Point Scotland and therefore there is the added benefit of encouraging partnership working and information sharing.

People at risk of becoming homeless will get the support they need to find **and** manage a tenancy. People will be linked into other services which can provide support in other areas which are affecting their ability to manage their housing

needs. Having an address helps resettle prisoners back into the community, allowing them to access more appropriate services such as primary care.

### 19. 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>50</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>51</sup>.

The 2018 SALSUS<sup>52</sup> survey (reported at an Aberdeenshire level) indicated that there have been major changes in acceptability of young people (13 + 15 years) to trying alcohol and cigarettes to see what it's like – an increase of 22% and 7% respectively since 2013.

Aberdeenshire Community Planning Partnership (CPP) is responsible for delivering the Local Outcomes Improvement Plan (LOIP)<sup>53</sup>. One of the priorities is Changing Aberdeenshire's Relationship with Alcohol. The CPP are working with wider partners to deliver their action plan. Campaigns have been run to encourage people to reduce their alcohol intake.

Access to sports (and cultural) facilities provide children and young people access to activities that they want and need and can improve their physical fitness and mental well-being. AHSCP works closely with, and alongside Live Life Aberdeenshire supporting their Cultural and Sports and Physical Activity Strategies.



## 20. Obesity

As reported in more detail in Priority 5 obesity is not new and is being considered as an additional LOIP priority. 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.** Obesity in Scotland shows a strong link with inequalities. Lower socio-economic status is associated with higher levels of obesity.

A presentation by the Scottish Government on Public Health in Scotland "Why it matters" <sup>54</sup> reported that

- 1 in 5 adults are smokers
- 3 in 5 adults are obese
- 2 in 5 adults exceed guidelines on alcohol consumption
- 2 in 5 adults do not meet physical activity recommendations
- 4 in 5 adults do not meet 5-a-day fruit and vegetable recommendations

**80%** of adults have **at least two** of these risks. Some of the blame for obesity has been put on "obesogenic" environments<sup>55</sup> – ***these are environments that encourage people to eat unhealthily and not do enough exercise.***

## 21. Mental Health

This important topic is covered in more detail in Priority 5. The ambition of the Health Improvement Delivery Plan (HIDP) is that local people are able to look after and improve their own health and wellbeing and live in good health for longer, it will achieve this by delivering seven priorities:

- ensuring every child has a good start in life
- encouraging healthy weight, diet and activity
- reducing smoking
- encouraging low risk alcohol consumption
- ***improving mental health and wellbeing***

- minimising the impact of poverty and inequality
- making health improvement everyone's business

## 22. Whole Systems Approach

Emerging evidence<sup>56</sup> proposes that 'whole systems' approaches are needed to address this. Taking obesity as an example, local authorities have a key role to play as many of its services can impact positively on either improving the obesogenic environment (provision of cycling/ walk routes, licencing of fast food outlets etc ) as well as supporting people to access relevant services to get active and / eat healthily/ lose weight.

This can involve various stakeholders e.g.

- Education
- community planning
- Council services
- Third sector
- Private sector

depending upon the priority. The same goes for dealing with alcohol and mental health issues.

## 23. 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.

The Covid-19 pandemic has altered travel plans for patients and the workforce. With the advice being to use own transport where possible, and restrictions on the number of people able to be carried on public and health transport, costs are rising.

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. **NHS Near Me** is a confidential and secure service which is being used to allow patients to attend a pre-arranged appointment using a video call rather than attending in person. Patients see the same consultant or healthcare professional they would have seen in the clinic and they use their own internet-enabled device (mobile phone, tablet, laptop, PC etc) to make the call. The roll out of digital health options to support remote and rural locations will be key in supporting people in new ways of working.

#### 24. **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. However co-located sites are now operational allowing NHS and Aberdeenshire Council staff to work together. Both organisations have been using Office 365 software to allow AHSCP (NHS and Aberdeenshire Council staff) to share information allowing them to be more informed when dealing with clients and patients. Other improvements include:

- Access to systems for joint use to allow both NHS and Aberdeenshire Council staff access.
- Mobile devices set up with software to allow staff to meet with clients/patients virtually.
- Discussions ongoing for opening up access to systems and system reviews to allow further joint working.

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>57</sup>. If it works well, residents are more likely to use the technology again. Public and partner engagement will also inform and raise awareness.

## **Forward Look**

#### 25. **Covid-19 legacy**

The Covid-19 pandemic has already led to increases in residents taking online exercise classes, cycling and walking which demonstrates that it is possible to change behaviours. The challenge now will be to retain the momentum as the year moves into autumn and then winter and cooler weather. The council, Live Life



Aberdeenshire (LLA) and its partners must keep the momentum gained through lockdown for daily walks, cycling and exercising. There are plenty of good examples of innovative ways to encourage residents to exercise.

There is growing evidence that patients who ended up in hospital will be at risk of stress-related mental health difficulties. Resources to support their recovery such as access to green spaces, sports centres, cycle paths will be required along with the relevant medical care. There will be opportunities to work with LLA, AHSCP and others to help people recover.

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.

Any future budget cuts to council services due to impact of Covid-19 on budgets such as housing would have an impact on the delivery of services by AHSCP and the support provided by Aberdeenshire Council and other partners.

Covid-19 has meant thinking outside the box to deliver services and there should be opportunities to continue with some of these changes and to involve employees in their implementation. Changes to ways of working have been made quite swiftly and staff have adapted. One of the risks to the AHSCP Strategy is a failure to deliver transformation at a rate or scale required by residents and financial pressures in the system.

26. **Business Unit**

The Council has introduced 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>58</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 could be tailored to suit the business plan and service users. This is the first year of operation and for the past three months most of its facilities have been closed and LLA has suffered a loss of income.

During the past few months, a lot of work has been started:

- Agreement for a review of catering across LLA establishments
- a project has been ongoing to maximise the access to outdoor spaces for the benefit of health and wellbeing, and to look at improving the ability of organised sports clubs to access grass and synthetic pitch facilities.
- A draft initial five-year Business plan 2019-2024 has been prepared for LLA.

There have been some delays with some staff providing assistance to the Council's Covid response.

27. **Obesity**

Aberdeenshire's Community Planning Partnership has agreed that there is a body of evidence to support **obesity becoming a LOIP priority**. Work is ongoing to consider the inclusion of obesity as a LOIP priority through the mid-point review of the LOIP (October 2020).

28. **Children & Young People**

The recently released Scottish Government's Tackling Child Poverty Delivery Plan<sup>59</sup>. Included an investment of £150 million to deliver the mental health strategy, including supporting better access to CAMHS. An additional £5 million was been made available for CAMHS to reduce waiting times and improve board performance on addressing mental ill health for groups.



In October 2018 a Children and Young People’s Mental Health Task Force was established as part of a comprehensive approach to improve support for young children and young people’s mental health across health, education and children’s services with a £5 million transformation fund. Following a report from the Perinatal Managed Clinical Network on perinatal and infant mental health in March 2019 a new Perinatal and Mental Health Programme Board was established which will oversee and manage about £50 million of investment to improve access to mental health services for expectant and new mothers.

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.

Covid-19 has brought worrying and uncertain times to all age groups. Daily life has changed for everyone and has had a real impact on how people are responding to the changes. Children and young people have been isolated from friends, family and other relationships that are vital to keeping them mentally healthy. Instead they have spent more time at home, and it has been harder to do the things that would normally help keep them well e.g. taking part in sport or cultural activities. It is certain that there will be a requirement for additional mental health support for children and young people in the near future.

29. **Public Health Priorities for Scotland**

The Scottish Government have just published the Public Health Priorities for Scotland. The six priorities are<sup>60</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>61</sup>.

30. **Digital Services**

NHS Scotland is developing a new Integrated Digital Health and Social Care Strategy 2017-22<sup>62</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>63</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.

One of the ways of ensuring that residents can continue to ‘attend ‘ health appointments is through the **NHS Grampian Near Me** – a confidential and secure service which allows patients to receive face to face consultation with the consultant or healthcare professional using their own internet-enabled device (mobile phone, tablet, laptop, PC etc) to make the call. This is a timesaving, cost effective way for patients to attend appointments. For more rural residents a similar type service could be an option to receiving advice and encouragement to exercise.



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

**31. Risks**

Not building on the opportunity to build on the increased uptake of active travel, health activities and changes in how the Council interacts with the residents of Aberdeenshire.

Poor digital connections which lead to a poor service and in turn a lack of interest. It is clear from consultations and Place setting that residents do want to have retain their sports centres. Continued engagement with ‘users’ will identify if we are providing the right mix of sports. 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.

As funding and resources are stretched further, funding cuts to bodies such as Sport Scotland may impact on our ability to deliver Active Schools and initiatives of that nature. In light of the ongoing physical and mental impact of Covid-19 this would be a very short-term view that would have a long-term impact on several of the Council’s priorities.

**32. 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.

**33. 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 and the recent updated Strategic Plan 2020-2025.

**34. 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>64</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>65</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 rate of change will need to speed up to make the financial savings that are needed.

In terms of transportation and ensuring that those who need to can physically access health care choices such as driverless cars may become a viable option in the future.

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>66 67</sup>.

### 35. **Brexit**

As we prepare to leave Europe, Aberdeenshire could be impacted by a reduction in employees in the care sector – there is already anecdotal evidence that this is happening. Other areas where the workers in Brexit sensitive areas may be impacted include digital (IT) skills, and financial and business skills.

One of the downsides of Covid-19 is that unemployment figures are rising and may continue to do so - in the short term at least. This means that there may be a potential workforce out there that have never considered a career in the Health and Care sector.



3



# Our Environment: Infrastructure

## Key Judgements

- **Improving the region's connectivity (both transport and digital), will enable residents to have choices** about how they work, study, move around, access facilities and live sustainable healthy lives. It supports the 'open for business message' and encourages people to move to Aberdeenshire to live, work and take advantage of the leisure opportunities. It is a necessity for the long-term wellbeing of the region.
- The COVID-19 crisis has confirmed the **foundational importance of digital technologies** in all aspects of life, and enhanced investment will likewise be a foundation of economic recovery and a robust and resilient wellbeing economy.
- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, **transport connectivity** is essential for their survival.
- **Transport Infrastructure in Aberdeenshire is improving, the long awaited AWPR has significantly improved travel times for residents and businesses.** There are infrastructure upgrades and improvement projects planned over the next decade that will benefit the region.
- **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>68</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 **roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users.** Additional resources are in place to support the large numbers of affected service users as the rollout extends to all of Aberdeenshire and the additional influx of claims due as a result of Covid-19.
- **Risk that funding for affordable housing cannot be spent in a slowed down market.** 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.
- Climate Change and the decarbonisation agenda will form an increasingly important element in infrastructure-related policies in future. 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>69</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, and has recently agreed a circular economy commitment. 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>70</sup>.
- **Due to COVID-19, some projects may experience delays in start dates**, meaning some projects may fail to meet expected carbon reduction targets for 2020/21.

## Assessment of Issues

The following sections (1 to 10) consider infrastructure issues as they pertain to digital and transport links in Aberdeenshire.

### 1. Geographic Access

Aberdeenshire generally compares favourably relative to other areas in Scotland with regards to the SIMD 2020 domains<sup>71</sup>. The only exception being geographical access to services. Aberdeenshire is among the most geographically deprived areas in Scotland with almost 48% (up 2% from 2016) 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 9 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.



The impact on the commercial bus sector due to Covid-19 is likely to see a contraction in the network and more pressure to support journeys by the Council. With severe budget pressures this is very unlikely and so there will be far fewer bus journeys available and so poorer accessibility.

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 40 destinations (down 10 from a year ago). The airline industry has been under pressure for some time and the impact of Covid-19 has put more pressure on operators. Flybe had a large presence at Aberdeen however they folded at the start of March 2020. Some of their destinations to regional airports have been taken over by Loganair. A key location for business leaders is London Heathrow which is served by British Airways and easyJet. Flights to London Gatwick were terminated February 2019. In 2019 there were 91,248 flights (down 0.03%)<sup>72</sup> and 2.9 million passengers (down 5%). There were 1,660 cargo aircraft in 2019 an increase of 3%<sup>73</sup>. Aberdeen is the UK's 9<sup>th</sup> busiest airport in terms of flights. After a period of lower passenger numbers, the. In recent years domestic and international traffic had risen mainly due to demand for holiday destinations. It is not known what impact Covid-19 will have on the future availability of both flights and passengers.

The Covid-19 threat has seen a return to direct helicopter flights from Aberdeen to offshore platforms to prevent any spread of the disease. Previously some flights were departing from Wick. The recent drop in the oil price however has led to less demand for oil and gas investment in

new projects which in turn has meant staff have been laid off. This is affecting the number of flights from Aberdeen and Wick. Highlands and Islands Airports Ltd (Hial) which includes Wick) has been forced to ask the Scottish Government for funding to remain in operation.

The successful use of digital technologies to enable collaborative working including video meetings means that companies are reviewing the need to gather employees in a single office e.g. London or Stavanger. This will also have an impact on demand for business flights from Aberdeen.

Earlier decreases in passenger numbers 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. The airport is the North East's 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 owners have invested heavily in the terminal with work due to be completed in 2020.

## 3. Ports and Harbours

Peterhead Harbour has undergone major redevelopment to secure its viability for years to come. The new fish market opened in June 2018 and last year fish landings at Peterhead topped £200 million for the first time ever. The recently completed strengthening works have futureproofed Peterhead Port<sup>74</sup> as one of the leading fishing and manufacturing ports in Europe. Peterhead Harbour is involved in Oil and Gas with fabrication work, subsea, renewables. ASCO, a provider of supply chain solutions to the oil and gas sector is based in Peterhead. Subsea and diving support vessels regularly use the harbour. It benefits from deepwater access and berths and, following demolition of the old fish market, larger fabrication and mobilisation contracts can be undertaken. The deepwater harbour also makes it



accessible to larger cruise ships whose passengers are then encouraged to visit Aberdeenshire’s visitor attractions. Future development will be led by demand from the private sector.

Fraserburgh Harbour is a major white fish port and busy commercial harbour. It has a state of the art six berth slipway facility, storm gates, fully refrigerated fish market facilities. Significant funds have been invested in the infrastructure of the port to ensure it can continue to provide a high level of service. The dry dock is available to meet the demands of the fishing, oil and gas industries. Moray East Offshore are now based in Fraserburgh with their new operations and maintenance building under construction. With an expected 200+ jobs due to be created in renewables it will bring benefits to the surrounding area including higher skilled job opportunities.

Macduff is primarily a commercial fishing and maintenance port. A large fishing fleet operates out of the port supported by an enclosed fish market. It is also construction yard with various types of boats and survey craft built onsite. It is also positioning itself for the renewable industry.

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**. The project has been delayed until 2022. 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 marketplace. It is not clear how soon the cruise ship holiday market will return to normal following Covid-19 – possibly 2022 when the South harbour is due to open. However, it is likely that there will be visitors from other parts of the UK.

#### 4. Railways

There are eight train stations in the North East of Scotland. Six in Aberdeenshire and two in Aberdeen. Since 2014/2015 the number of passengers has dropped by nearly 2 million passengers with only Portlethen showing an increase in the last year that figures are available for 2018/2019. The drop in passenger numbers may in part be accounted for by passengers opting to work from home or use their own transport during the improvement works.

With passenger numbers over 4 million per year it suggests that there is an **appetite for rail transport**. A new two platform station is under construction at Kintore and the rail line has been doubled in preparation. The new station was due to reopen to passenger services in May 2020 however work delayed due to Covid-19 but has now restarted.

Initial appraisal work is ongoing to provide step-free access to Inch station making it more accessible to rail users.

The Aberdeen to Inverness line is approximately 108 miles long and is primarily single track with some passing loops. An investment of £300 million has doubled the track between Inverurie and Aberdeen benefitting commuters and freight services. The full route can take up to 2hrs 25mins with services running approximately every 2hrs. Network Rail is improving the line between Aberdeen and Inverness by incremental changes<sup>75</sup> and a timescale of 2030 for the whole project.

To the South, there are rail services to Edinburgh, Glasgow and beyond via Aberdeen. The Covid-19 pandemic has had an enormous impact on the airline industry which may impact on availability



of flights to and from (and within) Scotland. Access to mainline rail services provides an alternative means of transport for the area.

### 5. Roads

Aberdeenshire is well served by around 3,456 miles of road that provide **connectivity** across the whole area. With the lack of local railway provision, the road network provides the arteries for people and goods to move throughout the entire area. Every journey starts and stops on a local road and the “permeability” that this extensive network provides is essential for a successful and prosperous Aberdeenshire.

In 2018 1.856 billion<sup>76</sup> vehicle miles were travelled on Aberdeenshire’s roads. As of 31 December 2017, Aberdeenshire had the 3<sup>rd</sup> largest number of private cars licensed per thousand population 17+. It’s not a surprise to find out that Aberdeenshire is in the top five local authorities along with Glasgow, North Lanarkshire, Fife and Edinburgh with the highest traffic volumes. Together they account for 33% of all traffic on Scotland’s roads<sup>77</sup>. This has to have an impact on the Council’s road infrastructure and in turn the budget.

The two trunk roads in Aberdeenshire are the A90 (T) Edinburgh to Fraserburgh road and the A96 (T) Aberdeen – Inverness road. There are plans for a £300 million project to upgrade the A96 between AWPR and Inverness to dual carriageway with grade separated junctions by 2030 which will, along with the Aberdeen Western Peripheral Route/Balmedie - Tippetty (AWPR/B-T) reduce travel times across the region. The final proposed route option for dualling of the A96 will not be announced until late 2020.

The completion of the £745 million Aberdeen Western Peripheral Route (AWPR/A90) has provided economic benefits for Aberdeenshire. With less congestion and dual carriageway available from Stonehaven to Ellon, journey times from the north to the south of the city have

been cut by at least the predicted 20 minutes resulting in reduced fuel consumption, congestion and emissions<sup>78</sup>. “North-east Scotland businesses contribute more than 20% of Scotland’s total export value”<sup>79</sup> and will benefit from the reduced journey times. The bypass is expected to generate an extra 6 billion in economic benefits and create around 14,000 jobs over the next 30 years. It has improved air quality in the city centre with lower emissions and improved the environment for pedestrians and cyclists.

In 2019 ground investigation work was undertaken on the A90 Laurencekirk Junction Improvement Scheme. Once complete, the new junction will bring improved road safety and economic benefits to road users and the local community in Laurencekirk and across the north east. More people may use the railway station for park and ride purposes.

### 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>80</sup> provides an objective measure of accessibility to public transport by bus in Scotland by weekday and weekend services rather than how long it takes to get to e.g. GPs surgery as in SIMD data). 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 areas in Peterhead, Fraserburgh and Inverurie but these areas (2% of DZs) barely fall within the top 30% in Scotland. At the other end of the scale 64% (219) of Aberdeenshire’s data zones feature in the bottom 30% in Scotland for Bus Accessibility, that is, they are among



the least accessible in terms of bus services in the whole of Scotland.

Data from 2018 shows the number of paying passengers in Aberdeenshire fell 35% between 2009 and 2017. Only 5% of Aberdeenshire residents go to and from work by bus in the area, compared with 11% in Aberdeen and 27% in Edinburgh<sup>81</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. A 'Clean Sheet Review' was underway to consider the way forward for passenger transport in Aberdeenshire. It was suspended while employees were dealing with the additional workload due to Covid-19 but will restart in the autumn.

At the end of 2019 an area wide bus survey was undertaken, aimed at seeking the views of Aberdeenshire residents on public transport to assist the council's decision-making on how to prioritise spend.

Some of the key responses were as follows: Primary purposes of travel were identified as:

- Social/Leisure (33%);
- Work (22%);
- Shopping (22%).

Most common secondary purposes for travel were:

- Shopping (34%)
- Social/Leisure (26%);
- Medical/Health (19%).

The most common reason for not using the bus was that the current services do not take people where and/or when they wish to go (24%).

Respondents were looking for rural services connecting with mainline routes to/from Aberdeen and rural services to/from local towns. Mainline route enhancements, cross country services and town services ranked lower. In terms of operating periods there was a clear preference for provision during:

- Monday – Friday peak times (68%).

Regarding Policy Priorities – First Priority:

- Local economy and jobs (26%)
- Social inclusion (25%)

Second ranked priorities:

- Social inclusion (27%)
- Health and well-being (26%)

For the most recent year data is available (2018)<sup>82</sup> in Aberdeenshire there are 691 cars registered per 1,000 people aged 17+. This is the third highest in Scotland – only Renfrewshire and Stirling are higher. Costs associated with public transport are expensive<sup>83</sup> (around 14% of household spending).

A large percentage (65%) thought that supported bus services should be targeted at people who do not have access to private transport rather than encouraging people to switch to public transport.

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 on main transport routes 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 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. Building on the increased interest in cycling and walking due to restrictions placed on residents as a result of the Covid-19 pandemic the Council bid for and was successful in receiving £310,000 from Sustrans for temporary infrastructure projects to provide increased space for safe walking and cycling as the lockdown is eased. Work has begun in the Active Travel Towns of Banchory, Ellon, Fraserburgh, Inverurie, Peterhead and Stonehaven.

### 8. Electric Vehicle Charging Infrastructure

The Council has delivered over 50 charging points across the area by working positively with its funding partner Transport Scotland and is currently refreshing the charging network. Action continues to be taken to reduce the carbon footprint of the Council's fleet. The introduction of telematics has allowed for more effective utilisation of fleet assets. On top of this there has been ongoing investment in electric vehicles, both operationally and for staff to use for business travel. Staff have also been encouraged to make use of ebikes which are available at certain Council offices.

Scotland has legislated for net zero greenhouse gas emissions by 2030. There is a recognition that the magnitude and pace of implementation will need to change to reach this target; and that progress is needed to address sectoral

carbon reduction challenges, as well as structural and system barriers to change<sup>84</sup>.

### 9. Digital Overview

Aberdeenshire Council recognises the importance of high-quality digital connectivity to its citizens and has been at the forefront of efforts to improve infrastructure and services to businesses and residents in the area. Significant increases in the number of premises able to access superfast broadband (24 Mbps) have been seen since April 2014, when the first publicly funded upgrades delivered by the Digital Scotland Superfast Broadband (DSSB) programme became operational.

This project has now been completed and the Scottish Government has announced a successor programme (R100), which will offer a 30 Mbps connection to 100% of premises in Scotland. This project is likely to start in 2020 but in the meantime, through the City Region Deal action is being taken to build on the City Network Extension project and extend fibre further into the City Region. New build dark fibre infrastructure will be extended into economically important areas in the City Region.

Aberdeenshire is generally not as 'well connected' as other parts of Scotland<sup>85</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 (SFBB). Superfast broadband is **available** in 78.2% of Aberdeenshire's area making it the 9<sup>th</sup> highest in Scotland. However, the reason it is so high the rankings is because nine of the Scottish authorities who would be expected to have a high SFBB availability now have **over 70% availability of ultrafast broadband** with Aberdeenshire at 1.6% (one of the lowest in Scotland).



At a more local level the availability of SFBB is not consistent. For example, in the Peterhead CSN area the values range from 0% - 100%. Disparities exist within towns themselves with Peterhead Harbour Intermediate Zone experiencing almost double the download speed as Peterhead Ugieside. Some of the fastest download speeds in Aberdeenshire are found in Blackburn, Fraserburgh, Peterhead, Ellon, Banchory, Stonehaven and Westhill. However, these areas don't match the average median speed for Scotland as a whole.

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.

In June 2020 the annual Ofcom Online Nation report showed that in April 2020 during the height of the coronavirus lockdown, UK adults spent a daily average of 4hrs 2m up from 3hr 29m in September 2019. The proportion of people making video calls has also doubled during lockdown, with more than seven in 10 doing so at least weekly. With people looking for new ways to keep connected, informed, entertained and fit during the pandemic, video-sharing and video-calling services are surging in popularity. The biggest growth was seen by Zoom, the virtual meeting platform, which grew from 659,000 users to reach 13 million users over the same period – a rise of almost 2,000%.

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.

**NHS Near Me** is a confidential and secure service which is being used to allow patients to attend a pre-arranged appointment using a video call rather than attending in person. This was already being used by AHSCP however the Covid-19 pandemic meant that it being used far more and has proved successful.

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>86</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.

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.

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>87</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.

Previously Aberdeenshire Council has 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.

**10. 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>88</sup>.

The following sections (11 to 24) consider infrastructure issues as they pertain to Housing in Aberdeenshire.

**11. Demographics**

Between 2020 and 2041 Aberdeenshire is projected to have a significant population increase of 7.2% - the fifth highest in Scotland and above the overall Scottish growth rate<sup>89</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 28.7% with the 75+ age group rising by over 94%<sup>90</sup>.

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 was significant because it is the first time the population has fallen since 2001<sup>91</sup>. This is largely a result of a relative drop in the numbers coming into the area since 2013/14, perhaps one effect of the prolonged low price of oil. The increase in the projected population is expected to be mainly down to inward migration (6%) rather than through births (1.2%). National Insurance number (NINO) registrations to overseas workers have also dipped slightly over the past three years from a high of 1,730 in 2015 to 1,000 in 2018.

**12. 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>92</sup> provides a good guide to the types and numbers of households. In Aberdeenshire the number of households continues to rise to 112,114 (an additional 957 households between 2018 and 2019).



Over the past ten years there has been a 9% increase in the number of households in Aberdeenshire - the second largest change behind West Lothian.

The number of different types of households are expected to increase at different rates. Nationwide a high rate of growth is expected in the number of single person households and housing for older people in the future<sup>93</sup>. Aberdeenshire currently 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>94</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>95</sup>.

In 2018 the total number of dwellings was approximately 118,000 with 5,378 empty homes in Aberdeenshire, 4.5% of the **total** number of dwellings. They may be a wasted resource which could be brought back into use as part of the housing supply to help meet demand.

**13. 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 2019 the average house price in Aberdeenshire was £211,092 compared with £178,832 for Scotland<sup>96</sup>. However, prices in Aberdeenshire decreased significantly from a peak of £242,582 in early 2015 to £202,430 at the end of 2018, a fall of more

than £40,000 or 17%. This was in response to changing local economic circumstances following the oil price crash in 2014. Although there were some signs of recovery in the local economy, this has yet to be reflected in house prices. In Scotland as a whole, prices have tended to rise over this period and the gap between the Aberdeenshire and the Scottish average is narrowing. Similarly, the number of sales transactions dropped steeply after a peak in 2014 and was 31% lower in 2018 at just under 4,000. It is not clear whether the Covid-19 pandemic and the ongoing low price of oil will affect house prices although there are signs that it will be more difficult to get a mortgage with a small deposit.

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>97</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 such as referred to under the **Housing and Fuel Poverty** heading.

**14. Aberdeenshire’s Housing Stock**

The authority has 12,977 properties ranging from bedsits to 4 bed or more. The pressure on these is significant with 6,108 on the waiting list. The greatest pressure is in the Garioch area with 1,471 on the waiting list of which 57% are waiting for a one bed property. Registered Social Landlords provide 10,098 properties across the City and Shire region. There are currently 645 empty council owned properties across Aberdeenshire.



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. As noted elsewhere in this document, a higher proportion of people in Scotland live in the social rented sector and this tends to lower the poverty levels after housing costs.

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.

**15. Homelessness**

The Homelessness service is demand led. There is a need to break down barriers for homeless people accessing health and wellbeing services such as having an address.

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.

Following a steady decline in the number of people presenting as homeless there has been a small increase from 1,039 in 2016/17 to 1,222 in 2019/20 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>98</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 1,215 referrals were made to Housing Support in the last financial year. 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.

**16. 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”. There may be opportunities for greater collaboration and integration to deliver future services.

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

### 17. 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>99</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.

**18. 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%.

Energy Efficient Scotland<sup>100</sup> is a 20-year programme containing a set of actions aimed at making Scotland’s existing buildings near zero carbon wherever feasible by 2050, and in a way that is socially and economically sustainable. By the end of the programme Energy Efficient Scotland will have transformed the energy efficiency and heating of Scotland’s buildings, making our existing homes, shops, offices, schools and hospitals more comfortable and easier to heat.

Energy Efficient Scotland delivers across two key policy areas - fuel poverty and climate change. Because of this it has two main objectives:

- Removing poor energy efficiency as a driver for fuel poverty.
- Reducing greenhouse gas emissions through more energy efficient buildings and decarbonising our heat supply.

By 2040, all Scottish homes will be EPC C (where technically feasible and cost effective). In the social rented sector landlords have been working towards this already with the majority of their properties

to be EPC C or D (depending on dwelling and fuel type) by 2020. Over 90% already achieve an EPC D or above. The new target will be to achieve EPC B by 2032.

In the private rented sector properties will be required to meet EPC by 2022 and EPC D by 2025. The government is now consulting on its ambition for the private rented sector to reach EPC C by 2030.

Owner occupiers (largest sector) will take the longest time to bring properties up to standard – 2040. Consultation is underway on the intention to consider the role for requiring action to improve owner occupied properties in the later stages of the programme.

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

Therefore, following the recent review of EESH, the government is launching a consultation alongside the publication of this Route Map which proposes a target to maximise the number of homes in the social rented sector achieving EPC B by 2032 and that no social rented homes should be let if their energy efficiency is lower than EPC D. The Council 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. The Home Energy Efficiency programmes (HEEPS) provides grants for fuel poor households. For those who able to pay, and for private sector landlords, interest free or low-cost loans are available from the government.

Even with the proviso “where technically feasible and cost effective” this work is going to be expensive and time consuming to complete.



Households of all tenures across Aberdeenshire have access to practical advice to change behaviours to reduce energy usage through its contract with SCARF. In recent months this has been targeted to those who are most likely to experience challenges as a result of Covid-19.

**19. 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.

**20. 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 monthly direct to the claimant (and in arrears) there was the increased possibility of tenants going into rent arrears. This would in turn affect the authority’s Housing Service in two ways both as a service provider and as a landlord. Universal Credit has now been available to all residents in Aberdeenshire since 31<sup>st</sup> October 2018. It is digital by default meaning that claimants must apply and manage their claim online.

Evidence has shown that increased officer time is required to monitor payments and to support tenants. In its first-year rent arrears have increased by 2.34%. From April 2019 a partnership between DWP and CAB Scotland called ‘Help to Claim’ has been providing support to anyone who requires additional support through the UC claims process. The Council is also providing support through its own support and advice team (ASAT). These activities are mitigating the risk of rent arrears. With the onset of lockdown due to coronavirus the number of claimants in Aberdeenshire increased from 6,938 early in March to 10,413 four weeks later.

Before Covid the average rent arrears was approximately £307. Whilst it is difficult to establish the full impact of the Covid-19 pandemic response on rent receipts at this time it is important to establish a benchmark position for the purposes of future scrutiny and also to identify early trends in order to determine resource allocation and to mitigate risks to the business plan. Rent arrears as of 03.05.2020 are currently £1.7 million up from £1.4 million as of 04.04.2020. Given that rent arrears would tend to increase during this period as a result of annual rent increase, Housing undertook further analysis to establish trends. There has been a reduction in payments during the first rent period of the new financial year, which has not been experienced in previous years. Tenants are being encouraged by Housing Officers to seek specialist support and assistance referred to earlier.

Any longer-term implications on the Housing Service’s Business Plan are being monitored and proposals for additional resources will be considered if required.

**21. Housing Strategy**

There is an evidence led Housing Strategy agreed and in place 2018-2023. The Scottish Government is consulting on its vision for Housing to 2040 (see 8. Housing and Fuel Poverty). There is significant pressure on local authorities arising from the volume of Scottish Government housing policy commitments and wide range of priorities.

**22. 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 draft Gypsy/Traveller Site Provision Strategy 2020-2025 aims to increase provision of Gypsy/Traveller sites in the central and south Aberdeenshire areas. Unauthorised encampment numbers have dropped in the last three years.

The Aberdeenshire Local Housing Strategy 2018-2023 commits that:

- Minority ethnic communities will have access to appropriate land, housing and support, encouraging social integration.
- Gypsy/Travellers normally resident in Aberdeenshire and Gypsies/Travellers visiting the area have accommodation that meets their needs, culture and lifestyle.

Sites are provided by the Council (2) and through private provision (5) plus one that is with the planning process currently ongoing (North Esk). The Council will work towards increasing Gypsy/Traveller site provision by ensuring that the four sites identified within the Local Development Plan are progressed. Management and control of any site provision has been proven to improve standards and conditions for all stakeholders.

Well managed, authorised Gypsy/Traveller sites will not only help meet the accommodation needs of the Travelling community but will help reduce tensions between settled and Travelling communities. The opportunities being presented by the provision of authorised stopover sites include the ability to create very positive links with education, primary health and social work services. The opportunity will also be given to create positive links with settled communities, to share cultures and to acknowledge diversity.

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 a strategic housing investment plan for 2020-2025. This identifies opportunities for up to 2,173 affordable homes over the next five years subject to the build out rate of the development industry. Of these 2,173 homes, around 333 are potentially suitable for particular needs households, of which 92 are wheelchair accessible.

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>101</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.

### 23. 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.

#### 24. **Risks in terms of Housing**

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 increase in rent arrears due to Covid-19 will also impact upon the ability of the authority to fund various planned works. The Council is reviewing its Housing Revenue Account Business Plan in light of these pressures. Housing is closely linked to the success of the Aberdeenshire Health and Social Care Strategic Plan 2020-2025. Lack of funding for housing adaptations/support could impact on the capacity of the service to meet the expected demand due to a rise in the number of people living with dementia

Capital investment costs will be affected by Covid-19 as social distancing is embedded into working practices, while there be some challenges around the supply chain and labour, which in turn may also be affected by exit from the EU. This will affect both housing improvement and new build programmes.

Costs of new build housing continue to rise and with further pressures on energy, space and safety may become unaffordable to develop across Scotland. The Scottish Land Commission may not deliver on its strategic priorities by 2021.

Lack of knowledge of the state of repair of owner owned housing particularly for older people in particular in relation to energy efficiency makes it harder to identify owners who could apply for grants to make improvements.

The following sections (25 to 31) consider infrastructure and other issues as they pertain to Climate Change and other environmental matters in Aberdeenshire and beyond.

#### 25. **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>102</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.

##### **Policies:**

The Conference of Parties (COP21) Agreement, to which the UK and Scotland subscribe, came into effect in November 2016 and binds nations to hold global temperature rise to under 2 degrees Celsius. The UK and Scottish Governments both have legislation addressing the objectives of reducing carbon emissions and have signed up to the COP21 Paris Agreement.

In December 2019, the European Commission presented the European Green Deal which sets out how to make Europe the first climate-neutral continent by 2050. Subsequently, the Commission presented the first 'European Climate Law' to support setting a net zero target by 2050 into legislation.

On 25 September 2019, the Scottish Government set its new reduction targets in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 ('the Act') as:



- at least 75% lower than the baseline year by 2030
- at least 90% lower than the baseline year by 2040
- Net Zero by 2045 ('Net zero' refers to achieving an overall balance between emissions produced and emissions taken out of the atmosphere)

Currently only sections 30-33 of the 2019 Act are in force with a date yet to be appointed for when the whole Act will come into force.

**26. Aberdeenshire Council Carbon Budget**

Aberdeenshire Council has utilised a Carbon Budget process since 2017/18 as a method to plan and manage emission reduction across the organisation.

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. Aberdeenshire Council is now in a position to consider an ambitious change in practice, and if this is to be achieved, to consider amending the current emission reduction target to 75% by 2030 and Net Zero by 2045 in line with the Act.

If a new target of 75% by 2030 is to be realised, as per the proposed Climate Change Declaration, then the required linear reduction would set a Carbon Budget of 52,145 tCO<sub>2</sub>e for 2020/21.

Actions have already been identified in each Directorate totalling an overall 1,219 tCO<sub>2</sub>e reduction at this time. During 2020/21 further CO<sub>2</sub>e savings will be developed to meet the reduction target of 3,400 tCO<sub>2</sub>e.

To further advance the Carbon Budget process, the 2020/21 budget will continue to consider options for capturing information on new significant developments e.g. new school builds, that may require to be offset against intended savings. Significant new developments will be required to be measured and reviewed. In addition to this, risks, budget pressures

and part-year savings will continue to be examined.

**27. Risk Factors Associated with the Carbon Budget**

Outlined below is a non-exhaustive list of risks, budget pressures and significant developments which may negate the efforts of Aberdeenshire Council to meet its Carbon Budget for 2020/21 and beyond:

- Calculations of emission reductions are a best estimate with the data available. Therefore, all calculations must only be considered an estimate. Any changes in consumption or emissions data will be monitored and reported on at the appropriate time.
- In some cases, full CO<sub>2</sub>e savings of actions listed will not be fully accounted for until the following financial year. Part year savings may need to be considered if there are project delays. This would mean that projected savings would be less than originally calculated and therefore action elsewhere may be required to make up the difference. This can be captured and considered during the quarterly update process.
- Many climate change mitigation actions require behaviour change on the part of staff and Members across the organisation. To be successful this will require both a top down and a bottom up approach across all services. This can be monitored through regular updates to SLT and service team meetings.
- Funding through the Renewable Energy Reserve has motivated services to consider opportunities for investing in projects which will reduce their carbon emissions. All monies within this fund are now allocated to projects so a new funding stream or ways of seeking funding opportunities must be taken on board for continued progress in investment in climate change mitigation and adaptation.
- Changes in climate change mitigation and adaptation legislation will need to be monitored and targets adjusted to meet any additional statutory



requirements. This will continue to be monitored by the sustainability team and reported on to the Sustainability Committee.

- There is a political risk associated with not meeting the Council’s agreed emissions reduction target. Aberdeenshire Council’s Carbon Budget process is recognised as best practice by public sector organisations and should continue to be the process used for supporting progress towards the Council’s reduction target. Reporting on emissions is a mandatory requirement through the Public Bodies Climate Change Duties and, therefore, allows the Council to monitor and assess its progress on an annual basis. This reporting is monitored by the Sustainability Committee.
- The Carbon Budget will need to become better integrated with the Council’s Financial Budgets. This will provide Members with a clearer link in demonstrating the costs and savings being met 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 in the most cost-effective way. This requires cross service working to ensure savings are captured correctly and is an ongoing process. **Making the link to financial savings** has and will continue to be key<sup>103</sup>.
- Reaching the required reduction target of 75% by 2030 and Net Zero by 2045 will require innovation and investment as well as a desire within leadership to continue to progress towards this new ambitious target. There is a reputational risk if this is not achieved and therefore progress will continue to be monitored by the sustainability team and reported on to the Sustainability Committee for appropriate action.
- Due to COVID-19, some projects may experience delays in start dates. There is the possibility, therefore, that targets will not be met in 2020/2021 via the proposed projects.
- Some projects listed in the Action Plan are to be funded through the

Renewable Energy Reserve. A delay in funding projects through the Reserve not yet under way is currently in place due to COVID-19. Therefore, new funding options for some projects may need to be considered.

- The financial implications will be significant in reaching carbon emission reduction targets. As such, the implications will need to be addressed on an individual Service and project basis and identified for the organisation as a whole so that they can inform the Council’s Medium-Term Financial Strategy.

However, changes to the way services are being provided, and with many buildings closed for an extended period of time, there is an opportunity to try and capture savings made through these necessary changes during this challenging time.

## 28. Aberdeenshire Council Policies and Other Developments

### Natural Environment Strategy and Action Plan:

The Natural Environment Strategy and Action Plan has now been revised and awaits approval. It sets out how the Environment Team in Planning will work to protect and promote our natural heritage. The strategy covers natural heritage work in relation to development management, tree protection, site management, biodiversity and partnership working. In addition, NESBReC maintains a database of biodiversity information and uses this to provide comments and advice to developers.

### Parks and Open Spaces Strategy:

The Parks and Open Spaces Strategy deals with a number of themes but one of its aims is to drive up biodiversity across the 3,000 hectares of open space controlled by the Council.

Biodiversity relates to the variety of life that surrounds and sustains us, including animals, plants and micro-organisms and the dynamic inter-relationships of living species and communities operating



together to produce living habitats and ecosystems. (See section 31 for a fuller discussion of Biodiversity work in Aberdeenshire.)

**Built Heritage:**

The Built Heritage Strategy, Archaeology Strategy and the Historic Asset Management Project help to protect the Council’s historical environment. There are over 500 assets covered by the Historic Asset Management Project. The Project is in its fifth year and this year saw all the assets resurveyed to assess their condition. The condition survey information identifies priorities for maintenance.

**Local Development Plan 2020<sup>104</sup>:**

The National Planning Framework and Scottish Planning Policy (SPP) identifies four planning outcomes to support the general vision for the planning system in Scotland that we adopt: “We live in a Scotland with a growing, low-carbon economy with progressively narrowing disparities in well-being and opportunity. It is growth that can be achieved whilst reducing emissions and which respects the quality of environment, place, and life which makes our country so special. It is growth which increases solidarity – reducing inequalities between our regions. We live in sustainable, well-designed places and homes which meet our needs. We enjoy excellent transport and digital connections, internally and with the rest of the world”.

These four outcomes are as follows:

- **Outcome 1:** A successful, sustainable place – supporting sustainable economic growth and regeneration, and the creation of well-designed, sustainable places.
- **Outcome 2:** A low carbon place – reducing our carbon emissions and adapting to climate change.
- **Outcome 3:** A natural, resilient place – helping to protect and enhance our natural and cultural assets and facilitating their sustainable use.

- **Outcome 4:** A more connected place – supporting better transport and digital connectivity.

The Local Development Plan helps promote Aberdeenshire as:

- An area with a high quality of life and distinctive places, and where new developments are designed as effectively as possible to improve this and help deliver sustainable, low carbon places.
- An area that promotes sustainable development that reduces the need to travel, reduces reliance on private cars and promotes safe and convenient active travel opportunities.
- An area where natural and cultural heritage are protected and enhanced, and where we recognise the multiple benefits of local green spaces and networks as an integral component of successful placemaking.

The Local Development Plan in conjunction with the Strategic Development Plan and other related plans may form a fundamental part of a mechanism that aligns carbon reduction policies across the North East of Scotland.

**Waste Strategy:**

A revised waste strategy has been agreed and implementation of this strategy has continued to increase recycling. The focus of the strategy is the Waste Hierarchy and Circular Economy. The main aim of a circular economy is to revolutionise the way in which products are designed, used, re-used, repaired and recycled.

Aberdeenshire Council has already committed to reducing its consumption of resources in support of circular economy principles and zero-waste through its Environmental and Climate Change Policy.

The Resources and Circular Economy Commitment has been carefully developed to provide clear direction for the local authority as it strives for greater



sustainability and responsibility in the way it considers, purchases and manages physical resources, and towards supporting a more circular economy. The transition to a society and economy in which fewer resources are consumed and wasted will benefit our environment, economy and communities<sup>105</sup>.

Additionally, Aberdeenshire Council supports the Scottish Government’s Deposit Return Scheme (DRS). The scheme increases the quality and quantity of materials captured for recycling and reduces litter.

The types of drinks containers included in the scheme are PET plastic bottles, aluminium and steel cans and glass bottles. All retailers selling these types of drinks containers are required to participate in the scheme, including online retailers.

In the main DRS is expected to have positive impacts for Aberdeenshire in terms of increased recycling and reduced litter. It also provides opportunities for income generation for the Council and 3rd sector organisations and has the potential to fundamentally change societal attitudes to bottles and other relevant drinks containers<sup>106</sup>.

The Council continues to support the Energy from Waste project which is expected to become operational in 2022. This is the ‘last resort’ for waste material that cannot be dealt with in different ways. The plant will take the Council’s residual waste and will allow it to comply with the landfill ban due to come into effect in 2025.

**Council’s Fleet**

Action continues to be taken to reduce the carbon footprint of the Council’s fleet.

The Scottish Government’s Programme for Government 2019/20 commits to phasing out all petrol and diesel cars from public sector fleets and removing the need for any new petrol or diesel light commercial vehicles by 2025.

Aberdeenshire Council’s Fleet Services Strategic Plan is based on the requirement to phase out the need for all new petrol and diesel vehicles in the fleet by 2030.

In order to achieve this there will need to be significant changes to the vehicles operated by the Council and how/where they are used by Services. This will require specific Capital and Revenue support to be put in place which will ultimately see a modern ultra-low emission fleet supporting Council teams. To that end, the Fleet Services Strategic Plan sets out Aberdeenshire Council’s approach.

The strategic objective is:

***“The provision of optimised Fleet Management planning and service to Aberdeenshire Council Services to enable the Council to achieve its priorities and objectives”.***<sup>107</sup>

Fleet Services will focus on supporting frontline operations in the most efficient way and this strategy aims to improve on that with a drive towards continued improvement, cost savings and the introduction of a more environmentally friendly fleet.

The role of Fleet Services is to support all other Services both in the long term as the Council negotiates a changing environment and in the day to day operations of their services through the delivery of efficient, reliable and safe fleet assets.

Given the robust process involved in producing strategic plans within Aberdeenshire Council, a number of risks were identified. These include budgetary, workforce, and climate change risks:

- **Budget Pressure Risk:** Alternative vehicles are not currently available or are currently unaffordable preventing the Council making progress into decarbonising the fleet, from 2025 a higher number of vehicles will need changing and will have an impact on budgets.



- **Budget Pressure Risk:** Charging infrastructure is insufficient to support a rapid change to electric vehicles and will require investment. Other alternatively fuelled vehicles such as CNG or Hydrogen are in their infancy and expensive, refuelling stations for these options are complex, expensive and take time to construct.
- **Workforce Risk:** Attracting, training, and retaining technicians to service and maintain Ultra Low Emissions Vehicles.
- **Climate Change Risk:** Delays in decarbonising the Council fleet will result in the Council not achieving a reduction in CO2 emissions from its fleet and emission targets will need to be revised to reflect this.

**Hydrogen Technology:**

Aberdeenshire Council is one of several local and international partners associated with the Hydrogen Transport Economy project<sup>108</sup>. This seeks to accelerate the adoption of hydrogen as an alternative energy solution in the North East region.

The H2 Aberdeen initiative<sup>109</sup>, for instance, aims to stimulate innovative hydrogen projects, advance the take-up of hydrogen technologies and position Aberdeen City Region as a centre for excellence in terms of hydrogen technology.

Delivery of the H2 Aberdeen vision will further enhance Aberdeen City Region’s reputation for energy innovation, and support Scotland’s ambitions to become a world-leading destination for investment in renewables and low carbon energy.

**Local Climate Impact Profile (LCLIP):**

A Local Climate Impact Profile (LCLIP) was completed in February 2019 covering the years 2011-2018. The purpose of an LCLIP is to portray the ways that Aberdeenshire Council’s services are affected by weather events through drawing together evidence from interviews, media articles and internal documents following the LCLIP framework. The main recommendation that came from the LCLIP was that Aberdeenshire Council should consider

developing a Climate Change Adaptation Strategy that outlines how it can build capacity to manage the opportunities and threats associated with a changing climate. Strategy development is currently underway in its early stages of research.

**North Sea Commission:**

Internationally, Aberdeenshire Council remains committed to its membership of the North Sea Commission. The Team Leader for Sustainability and Climate Change was recently appointed an Advisor to the Energy and Climate Change Group and is involved in the development of the new strategy for 2030 which prioritises, among other things, a climate neutral North Sea region. Collaborative action on mitigation and adaptation across regions that border the North Sea is another key area the Council must remain engaged in as it supports Scotland’s climate emergency<sup>110</sup>.

29. **Wider Local Context**

The Carbon Budget 2020/2021 relates to Aberdeenshire Council’s own emissions and not to the wider community or business emissions that relate to the area of Aberdeenshire. Work being done on the North East Scotland Sustainable Energy Action Plan (NESSEAP) will capture this separately alongside Climate Ready Aberdeenshire the new climate change mitigation and adaptation strategy which is in its very early stage of development.

However, latest data suggest carbon dioxide (CO<sub>2</sub>) emissions in Aberdeenshire, as across the country, have decreased since 2005. That fact notwithstanding, **Aberdeenshire persistently records higher per capita emissions than Scotland as a whole**, largely due to the domestic and transport sectors<sup>111</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; a number of settlements are relatively large and rail infrastructure is not as extensive as in other parts of the country. Consequently, Aberdeenshire tends to accrue one of the highest number of vehicle miles travelled in the country per annum.

The fact that Aberdeenshire is home to a thriving rural economy may also to some extent explain a relatively high transport emission rate per capita.

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 and coal may be a factor: Aberdeenshire accounts for nearly 2% of the UK’s total consumption of petroleum products within the domestic sector, and over 1% of the UK’s domestic sector coal consumption<sup>112</sup>. **These are disproportionately high figures** given that Aberdeenshire accounts for just 0.4% of the UK population. However colder and longer winter weather and house build materials (granite with no cavity walls to insulate) will account for much of this.

High domestic consumption of petroleum products and coal may also 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 or coal.

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>113</sup>.

### 30. Consequences of COVID-19 on Energy Consumption In Scotland (and latest data)

As a result of the COVID-19 lockdown, electricity use in Scotland declined significantly. Since lockdown until the end of phase 1, average daily electricity demand in Scotland in 2020 is 16% lower than the equivalent period in 2019. In 2020, average daily demand is 24% lower after lockdown than before. Even though more people are working from home, the presumed increase in domestic consumption is more than offset by the inactivity from non-essential commercial and industrial premises.

Renewable electricity generation in Scotland hit a new record high in Q1 2020, with 11.6 TWh generated between January and March 2020. This is up 28% on the same period last year and is enough to power Scotland’s households for more than a year. Increases in rainfall and wind speed contributed to this - compared to Q1 2019, onshore wind up 25%, hydro generation is up 38% and offshore wind generation increased by 54%.

This follows on from 2019, which was a record year for Scotland in terms of renewable electricity generation, with over 30 TWh of generation. This contributed to 90.1% of gross electricity consumption coming from renewable sources, up 13.4 percentage points from 2018.

Despite rapid growth in renewable electricity generation, growth in renewable electricity capacity has slowed - in March 2020 Scotland had 11.9 GW installed capacity, up just 0.1 GW from June 2019.

In 2018, each kilowatt hour of electricity generated in Scotland added an estimated 44.6 grams of carbon dioxide into the atmosphere (gCO<sub>2</sub>e/kWh). This remains below the 50 gCO<sub>2</sub>e/kWh ambition for 2020 outlined in the Climate Change Plan. However, grid intensity almost doubled from 24.0 gCO<sub>2</sub>e/kWh in 2017, due to a rise in gas to generate electricity in 2018, compensating for a fall in nuclear



generation because of long-term outages at Hunterston B.

31. **Biodiversity**

The planet is facing a Biodiversity Emergency. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Report on Global Biodiversity and Ecosystem Services 2019, concludes that nature and its vital contribution to people, which combines both biodiversity and ecosystem services, is deteriorating worldwide at an increasing rate.

The First Minister of Scotland recently highlighted that “Biodiversity loss and the climate crisis are intimately bound together: nature plays a key role in defining and regulating our climate and climate is key in shaping the state of nature.”<sup>114</sup>

Climate change has severe direct and indirect impacts on biodiversity and is predicted to be a dominant driver of future biodiversity loss. At the same time, the loss of biodiversity magnifies the adverse effects of climate change. Biodiversity protection and climate change mitigation are strongly co-dependent. Managing and protecting biodiversity will mitigate the negative impacts of climate change and help humans adapt to it; policies and actions aiming at limiting the effects of climate change will contribute to the protection of biodiversity.

**Local Biodiversity Work:**

Many aspects of Aberdeenshire Council’s work contribute to the protection and enhancement of biodiversity<sup>115</sup>. For example, the work of Infrastructure Services through its roles in development management (Planning), flood risk management, roads management, the Rangers service and greenspace management. The Education Service and the schools of Aberdeenshire develop and administer educational programmes which promote engagement with and awareness of biodiversity. The work of Economic Development promotes Aberdeenshire’s natural heritage both within and out with the region.

Aberdeenshire Council employ two Green Space Officers with the specific remit of driving forward the biodiversity agenda.

The creation of biodiversity champions has also raised awareness of biodiversity issues with Council Members.

Aberdeenshire Council is involved in several partnerships that seek to enhance biodiversity in the region. These include, but are by no means limited to:

- **the North East Scotland Biodiversity Action Plan Partnership (LBAP):** The LBAP undertakes a wide range of projects to raise the profile of locally and nationally important species and habitats, encourage data recording and facilitate joint working on LBAP priorities across the region; and
- **the North East Scotland Biological Records Centre (NESBReC):** NESBReC works to gather, process, store and disseminate information on local habitats and species. Continued use of NESBReC species and habitat data in Development Management, Development Planning and Infrastructure project decisions to ensure the impact on biodiversity is considered.

Additionally, the Aberdeenshire Local Development Plan 2020 identifies a range of policies that aim to protect and enhance environmental quality in the local development plan area. Notably Section 10 of the Plan, which covers policies that specifically relate to Natural Heritage and Landscape. The Local Development Plan will guide future development within the area.

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.

Aberdeenshire Council identified several challenges in relation to biodiversity work over recent years. These will likely remain a consideration in future years. These challenges include:

- **Pressure on Council budgets:** This has the potential to impact on activities which benefit biodiversity. The Council's non-statutory duties, which deliver much for biodiversity, are likely to be under greater threat than statutory duties.
- **Built development:** Despite a relative slowdown in the North East economy, there will still be pressures on biodiversity resulting from built development. Indeed, drives to diversify the economy could result in increased development in some sectors, such as tourism or renewable energy, for example.
- **Climate Change:** The impacts of climate change on communities, businesses and the Council will increase over time. Climate Change itself will directly impact on biodiversity of the region. However, the choices made by the organisation and society generally to mitigate and adapt to Climate Change will also have knock on environmental effects.

## Forward Look

### 32. National Transport Strategy *Key Theme 1 – Tackling Climate Change*

The National Transport Strategy is clear in respect of to the challenge of climate change, highlighting that the move to low and zero carbon transport is essential to our future well-being. It is recognised that transport is currently the largest contributor to Scottish emissions with 37% of total emissions in 2017. Key actions to meet this challenge are an ambition for phasing out the need for petrol and diesel vehicles by 2032 (an earlier date of 2025

for public sector cars and light commercial vehicles is stated); switching to sustainable modes for trips of less than 2kms; addressing the decline in bus use; and reviewing investment priorities.

### *Key Theme 2 – Relationship between Transport and Wider Societal Outcomes*

Whilst enhancements to the transport system will undoubtedly contribute to the achievement of key outcomes, constraints on transport system delivery are not fully recognised within the narrative (of the NTS). This is particularly the case when considering the requirement for the commercial viability of bus services, or the alternative of increased levels of local authority revenue support. Officers consider that other strategies for tackling wider societal outcomes are also required, and that these can often be more effective and sustainable in the medium to long term.

### *Key Theme 3 – Different Needs Across Scotland*

Ensuring accessibility across the different areas of Aberdeenshire, across all sectors of society is a particular challenge within current funding and regulatory models.

A revised Regional Transport strategy is being prepared and is due to be subject to consultation during Spring/Summer 2020. Following publication of the National Transport Strategy, officers have concluded that in many ways the current Local Transport Strategy from 2012 is very well placed to reflect the current policy environment, with its central messages of Travel Less, Travel more Actively, Travel more Effectively. Indeed, it could be said that the new National Transport Strategy has built on the Council's approach.

### 33. 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.

**The quality, speed and extent of connectivity** will be increasingly important factors in improving the prospects for economic recovery and business in the future, including where companies decide to expand or locate new facilities or enable flexible working for employees. Digital service sectors have evolved along many different paths, but they have certain key attributes in common: adequate digital infrastructure, technology-literate end-users, technology talent with entrepreneurial spirit, and a friendly business environment, some of which may be influenced by local policy makers. Digital connectivity is an essential enabler of growth, productivity and inclusion. The crisis has confirmed the foundational importance of digital technologies in all aspects of our lives, and enhanced investment will likewise be a foundation of economic recovery and a robust and resilient wellbeing economy. The behavioural changes brought about by the crisis – and specifically the move to flexible and remote working - are crucially dependent on the provision of digital services.

As recently as the start of May 2020, the Committee on Climate Change recommended that Scotland should prioritise broadband investment over roads. The Advisory Group on Economic Recovery has been established by the **Scottish Government** to provide independent expert advice on supporting the sectors and regions of Scotland's economy to recover from the impact of Covid-19. Its report<sup>116</sup> published June 2020 warns that Scotland faces an economic challenge of monumental scale. Employment and Education are at the heart of the plan, while accelerating action to tackle inequality.

One of its guiding principles (8) states 'We must restore employment, by prioritising a

green investment and education-led recovery, with a prominent role for digital technologies'.

An inclusive approach to IT infrastructure is required to ensure social mobility as both study and work feature higher use of digital platforms and creative solutions to unused office space in the medium term, and a proactive approach to the consequent drop in business rates which will impact local authority budgets as remote working patterns normalise.

One of the most striking changes that may come out of the crisis is the normalisation of digital learning. Aside from pandemics, bad weather has the potential to hamper school attendance. In future there may be more opportunities for digital learning so that school pupils and university students do not lose learning time.

BT is ceasing taking orders for new PSTN and ISDN networks in 2020 and will move to a full migration by 2025. All customers will be moved to the IP network and the traditional phone network will be switched off. This is only five years away.

Reliable digital infrastructure can reduce costs and enhance revenues for businesses, promote flexible and remote working. The Covid-19 pandemic forced a new way of life on residents and home working and studying became a reality overnight. It is likely that many employers will need to retain home working arrangements for some, if not all their employees, in the short term at least and possibly permanently.

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. As the recent lockdown proved, households still need food and pharmacy deliveries, waste collections maintained, and in some instances access to hospitals i.e. **connectivity both physically and digitally** is required. The plans to have ultrafast connectivity for business premises should provide the backbone hubs for residential superfast connections in the Aberdeen CRD.

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>117</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>118</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>119</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>120</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>121</sup>. The COVID-19 crisis has confirmed the foundational importance of digital technologies in all aspects of life, and enhanced investment will likewise be a foundation of economic recovery and a robust and resilient wellbeing economy.

The authority is in the early stages of considering a new Digital strategy for the organisation- which sets out high level goals underpinned by core principles - aligned to overarching Council priorities. An accompanying roadmap will be a key element for the delivery of this document.

### 34. Risks in terms of transport links

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.



Alternative vehicles are not currently available or are currently unaffordable preventing the Council making progress into decarbonising its fleet, from 220 a higher number of vehicles will need changing and have an impact on budgets. The charging infrastructure is insufficient to support a rapid change to electric vehicles and will require investment. Other technologies are still in their infancy and expensive with complex, expensive refuelling stations which will take time to construct.

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.

**28. Regional Economic Strategy Action Plan and Energy Transition**

Sustainability is a key theme within the Action Plan, spanning economic diversification to deliver a broader economic base, opportunities associated with the circular economy, carbon capture and storage, and energy transition as the oil and gas industry and its supply chain evolves to a lower carbon future. The region’s natural assets and clean environment are also its economic assets and therefore must be safeguarded to support the region’s sectors particularly tourism, food, drink, agriculture and fisheries.<sup>122</sup>

**29. Community Climate Action Hubs**

Since 2008, the Climate Challenge Fund (CCF) has supported communities across Scotland to take action on climate change and make the move to low carbon living. To date, the Scottish Government has made over 1,150 awards valued in excess of £111 million to communities in all 32 local authorities across Scotland.

In 2019, the Scottish Government undertook a review of the CCF, to consider how the Fund can continue to best support Scottish communities in taking action to tackle climate change.

The findings of the review showed that the CCF has played an important and valued role but there was also widespread support for significant change to the CCF. Key findings included support for the inclusion of adaptation to climate change in community level projects; widening the CCF to include established organisations working with communities; improving strategic and networking opportunities; and encouraging shared learning.

In late 2019 the Scottish Government announced that a network of regional hubs would be created to build on the legacy of the CCF and support community climate action.

the network of hubs should:

- empower communities to develop local solutions to making the transition to net zero and climate resilient living;
- encourage community groups to collaborate at regional level and to work in partnership with other key local stakeholders;
- allow an approach to be developed within each region that reflects local circumstances and priorities;
- have national coverage and seek broad community engagement;
- facilitate shared learning between different hubs/areas and the provision of technical advice – for example, on community energy or re-use initiatives.

The Scottish Government sought feedback on their proposals via an official consultation process.

**30. 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>123</sup>.

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act received Royal Assent on 18 July 2019.

The statutory targets set by the 2019 Act are that in 2040:

- no more than 5% of households should be in fuel poverty;
- no more than 1% of households should be in extreme fuel poverty; and
- the median fuel poverty gap of households in fuel poverty is no more than £250 in 2015 prices before adding inflation.

Each of these 2040 targets must be achieved not only in Scotland as a whole, but also within each of the 32 local authority areas. This is to ensure that no part of the country is left behind. There are also interim targets set for the same metrics for 2030 and 2035. However, the interim targets only need to be met at a national level.

The Final Fuel Poverty Strategy for Scotland was due to be published in September 2020. However, development of the strategy has now been paused due to the COVID-19 outbreak.

### 31. 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>124</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>125</sup>.

The development is expected to produce renewable electricity for 30 years and will create nearly 2,000 jobs in the process.

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.

### 32. Local Energy Systems

Local Energy Systems are ones which find ways to link the supply and demand of energy services within an area across electricity, heat and transport, delivers real value to everyone in local areas, and supports the growth of vibrant, net zero local economies<sup>126</sup>.

The Scottish Government’s approach recognises that there will be a greater role for considering local solutions to meet local needs: ones which are more complex and operate using smarter technologies and new “disruptive” business models. There will also be a greater need to build strong partnerships and collaboration at a local level.

The Local Energy Policy could have an impact on Aberdeenshire Council, and officers working across different Services



would be required to be aware of the policy and potential implications on working practices. Therefore, Aberdeenshire Council took the opportunity to respond to the Scottish Government's consultation on the matter.

The Policy Statement is broken down into five sections relating to People, Places, Networks and Infrastructure, Pathway to Commercialism, and Opportunities. In summary, Aberdeenshire Council's response highlights issues with the Policy Statement but also recognises opportunities for collaboration and an awareness of the challenges in relation to customer and stakeholder engagement, as well as costs and infrastructure. The response refers to the lack of clarity in this version of the policy in relation to how stakeholders can understand how this approach is different to the current development of energy systems, how their roles may differ within any local development and how they will be encouraged to be involved in the process.

The current network provides a lot of economies of scale and resilience within the current market. If Local Energy Networks move away from the grid model, it is likely that costs will increase whilst resilience will reduce. If the value of the Grid is accepted, then the Policy needs to more clearly articulate how it will integrate with this. The policy needs to be clear on expected outcomes so that clear pathways to those outcomes can be developed. The policy should also seek to operate in partnership with, rather than opposition to, the existing energy systems.<sup>127</sup>

The Energy from Waste Plant may also be considered a local energy system in that it creates electricity locally but also has the potential to provide heat to commercial customers or residential properties via a district heating scheme.

### 33. **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.

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>128</sup>.



4



# Our Environment: Resilient Communities

## Key Judgements

- **Income inequality appears to be rising after a decline following the recession.** With the projected increase in older people the number of pensioners in persistent poverty will rise increasing demand for support services.
- 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 5,105 households on absolute low-income in Aberdeenshire.**
- **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>129</sup>. **Relative poverty** generally means that a person can’t afford an ‘ordinary living pattern’<sup>130</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

A recent report from the Joseph Rowntree Foundation (Feb 2020) reports that poverty rates in Scotland are at 19% (1,000,000 people). This is lower than England and Wales (22% and 24% respectively). Poverty measured before housing costs is very similar between Scotland and the rest of the UK. However, measured **after housing costs** there are statistically significant differences in poverty levels, with lower levels in Scotland. Lower housing costs particularly in the social rented sector, are a key cause of the divergence. Other factors involved include:

- a higher proportion of people in Scotland live in the social rented sector and fewer in the private rented sector
- weaker emergence of the private rented sector and stronger growth on the number of owner-occupiers who own their home outright

After a period of stability in levels of poverty over the past decade most rates<sup>131</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.

Most of the 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 3% of Aberdeenshire’s working age population is income deprived**<sup>132</sup>. It is one of the lowest rates in the country but in some areas of Aberdeenshire it is 25% almost double the national average. Increases in the cost of living may exacerbate the situation for them. In the revised SIMD 2020v2 there

are 9 data zones in the 20% most deprived in Scotland. These are all found in the north east corner of Aberdeenshire – Fraserburgh and Peterhead.

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

A family is considered as in poverty if they are living on:

- Less than **£363 a week, or £18,900 a year** for a single person with children aged between 5 and 14;
- Less than **£463 a week, or £24,100 a year** for a couple with children aged between 5 and 14.

The most recent child poverty statistics published by the Scottish Government show that in 2017-18:

- 24% of children each year were in relative poverty before housing costs
- 22% of children were in absolute poverty
- 14% were in combined low income and material deprivation
- In 2013-17, 17% of children were in persistent poverty.

The 2030 target for all the above is 5%.



Overall Aberdeenshire has relatively little child poverty however, between 2014/5 and 2018/19 the child poverty rate in all three parliamentary constituencies has increased by over 2%. Gordon constituency had a 2.9% rise (UK rise 2.8%) – in fact, the parliamentary constituencies with the lowest levels of child poverty in the whole of the UK are West Aberdeenshire and Kincardine (7.4%) and Gordon (9.0%). Income from Social Security has been cut back significantly particularly for families with children. Over the last twelve months 455 low income families have been supported to access opportunities and services.

In 2018/19 there were 5,105 households<sup>133</sup> on absolute low-income in Aberdeenshire. Absolute low-income is defined as a family whose equivalised income is below 60 per cent of the 2010/11 median income adjusted for inflation. Gross income measure is Before Housing Costs (BHC) and includes contributions from earnings, state support and pensions.

The Scottish Government has just released ‘Every Child, Every Chance’: The Tackling Child Poverty Delivery plan 2018-22<sup>134</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. This is due to be reported in the second quarter 2020.

#### 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 2017-18, more than half of people (**53%, 550,000**) living in relative poverty (after housing costs) in Scotland – **380,000 Scottish working-**

**age adults and 150,000 children** – lived in households where at least one adult was in paid employment. In 2015 the Scottish government concluded that for in-work poverty to be reduced, action would be required in three areas:

- low pay
- the number of hours worked
- the interaction between earned income and the rate at which benefits are withdrawn

Addressing these issues would require attention to issues such as the collective bargaining, employment insecurity and lack of opportunities for skills development (and enhanced earnings) in low-paid jobs; lack of demand in the economy (i.e. lack of available jobs), including the growth of people working part-time because of a lack of full-time jobs; personal barriers to employment, including caring responsibilities and health problems.

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.

The Covid-19 pandemic and the extraordinary steps taken to protect the population means that there have been (as seen across the UK) an incredibly high increase in claimants for Universal Credit.

As referred to earlier, the onset of lockdown due to coronavirus led to the number of claimants in Aberdeenshire increasing from 6,938 early in March to 10,413 four weeks later. It is likely that these figures will continue to increase in the short term due to the legacy effects of Covid-19 on the economy and to some extent the incoming effects of Brexit.

This would suggest that there will be far more households struggling with their finances and moving into poverty.

#### 5. Persistent poverty<sup>135</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>136</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 25% compared to Scotland at 25%<sup>137</sup>. The extreme fuel poverty level is 16% (up from 12% in 2015-17) compared to Scotland which has 12% 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. 149 of Aberdeenshire’s 340 data zones are in the most deprived quintile (20%) up from 129 in 2016). The more rural communities have challenges in accessing affordable transport.

The most recent statistics released by the Scottish Government on bus accessibility<sup>138</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. There is very little in the way of cycle routes except in the larger towns.

Outright home 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 has increased during the Covid-19 pandemic. In the past 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>139</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>140</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. 19.2% 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 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>141</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 Fairer Scotland Duty places 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 it can then impact on the

attainment gap. This was identified as an issue for school pupils during the Covid-19 pandemic with over 500 laptops being distributed.

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.

### 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 acting on employability, financial inclusion, youth unemployment and information and advice services.

The four overarching goals of the plan are:

1. Preventing children on the margins of poverty, falling into poverty
2. Reducing the number of children living in poverty, by moving those in poverty out of poverty
3. Protecting children living in poverty from its most adverse effects
4. Enabling children to live a poverty-free adult life.

Over the last twelve months:

- 599 individuals have been supported into employment or training opportunities.
- 156 young people have participated in training opportunities (16-20-year old's).
- 135 additional volunteers have supported community-based projects, delivering almost 4,000 additional hours.
- 1,037 people have accessed Income Maximisation Services



- Client Financial Gain of £8,859,404 has been secured
- 455 low income families have been supported across opportunities and services

- increase the sustainability and capacity of Scotland's non-profit sector; and
- support and encourage innovation around social issues

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>142</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;

### 11. Child Poverty

LOIP – One of the three priorities is 'Reducing Child Poverty'. Research to support the work was carried out by Poverty Alliance and Professor John Kendrick (Glasgow Caledonian University). The report<sup>143</sup> has been published and an action plan agreed. The 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 and Sport Strategies 2018-2028

The Council's Cultural and Sport and Physical Activity Strategies 2018-2028 (approved by Full Council April 2018) is based on increasing inclusion across our communities by tackling inequalities and promoting diversity. They 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>144</sup>.

### 13. AHSCP Strategic Plan 2020-2025

One of the five key priorities for the AHSCP Strategic Plan 2020-2025 is **Tackling Inequalities and Public Protection**.

The ambition of the Health Improvement Delivery Plan (HIDP) is that local people are able to look after and improve their own health and wellbeing and live in good health for longer, it will achieve this by delivering seven priorities:

- ensuring every child has a good start in life
- encouraging healthy weight, diet and activity



- reducing smoking
- encouraging low risk alcohol consumption
- improving mental health and wellbeing
- minimising the impact of poverty and inequality
- making health improvement everyone's business

This will enable people to access support to maintain and improve their health and wellbeing enabling them to avoid unnecessary admissions to hospital.

#### 14. **Alternative Funding Sources**

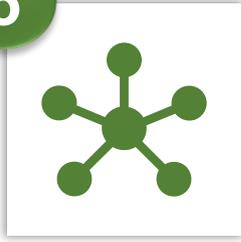
Brexit will have an impact with the loss of funding for various projects some of which tackle child poverty. Alternative funding should be sought from other sources to continue to support similar projects in the future.

#### 15. **Food Banks**

There has been unprecedented demand on food banks over the past few months. It is unlikely that this need will reduce in the short - to mid-term.



5



# Our Economy: Economy and Enterprise

## 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. The profile 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.**
- The COVID-19 pandemic during the early part of 2020 may result in a 14% drop in Scotland’s GDP over the year. A similar drop in Aberdeenshire GVA would see GVA fall from £7.4 to approximately £6.4 billion – a level not seen since 2012. This at a time of depressed oil prices, to which Aberdeenshire is particularly sensitive. This is one of many consequences of the coronavirus pandemic. The socio-economic consequences of lower oil prices during the 2014-16 period 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 is seeking to **attract sizable inward investment** over the coming years. Aberdeenshire Council’s involvement in the Invest Aberdeen initiative should provide additional opportunities in that regard. Brexit and the consequences of the COVID-19 pandemic may inhibit inward investment in future years, although enquiries relating to new renewable energy related inward investment projects continue to be actively managed.
- Aberdeenshire is **supporting and developing existing industries whilst encouraging innovation and diversification** and continuing to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents<sup>145</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

The recent performance of the Scottish (and UK) economy has been dominated by Brexit, particularly during 2019, with uncertainty impacting business investment and materially impacting on the shape and pattern of growth. Combined with a

weaker external environment for trade, growth for 2019 has been positive but significantly below trend<sup>146</sup>.

The COVID-19 pandemic during 2020 was a global health crisis that quickly became a global economic crisis.



The Scottish Government’s most recent assessment of the impact on the Scottish economy by the Chief Economist in June 2020 suggests a fall in GDP in Scotland of a third over the current period of social distancing and 14% over the year. The Scottish Government’s scenario analysis suggests unemployment could reach 10% later in 2020. Economic output may not recover to pre-crisis levels until the start of 2023<sup>147</sup>.

These impacts are similar to what might be expected in other countries. The global economy is forecast to contract this year for the first time since the financial crisis (2008).

The industries with the largest falls in output over the Lockdown period are those which have been required to close or where working at home is not possible. This includes Accommodation & Food Services (down 85% nationally over two months) and Arts, Culture & Recreation Services (down 51% over two months). Latest figures show that approximately 7,000 jobs in Aberdeenshire fall under the category “Accommodation and Food Service Activities”, and approximately 2,500 under “Arts, Entertainment and Recreation”. These two industries account for approximately 10% of employee jobs in the region<sup>148</sup>.

However, the economic fallout is widespread. The Fraser of Allander’s Scottish Business Monitor, for example, shows companies reporting a rapid impact on cashflow, working hours and employment, with the vast majority forecasting a weak economy and a negative impact on their own output and employment numbers<sup>149</sup>.

Burning Glass data shows a very steep decline in the number of published job vacancies<sup>150</sup>.

UK and Scotland official figures, and sectoral and regional intelligence from

across the country, confirms widespread collapses in output and employment, with 86% of Scottish businesses saying they could survive up to a maximum of six months on current levels of trading (May 2020 figures)<sup>151</sup>.

Finally, Fraser of Allander research reports that rural communities are most likely to be adversely impacted because of the economy’s greater reliance on self-employment and micro-businesses, and higher proportion of businesses in sectors most adversely impacted<sup>152</sup>.

## 2. Local Economic Context

Prior to March 2020, economic activity in Aberdeenshire remained high relative to most other areas in the UK. The workforce is relatively highly skilled and well paid. Gross weekly wages of full-time workers increased by 6% in 2019 compared to the previous year<sup>a</sup>. Gross Value Added (GVA)<sup>b</sup> equated to approximately £7.4 billion in 2018<sup>153</sup> (5% of Scotland’s total – or 13% if combined with Aberdeen City).

**That £7.4 billion figure<sup>c</sup> places Aberdeenshire just outside the top 15% in the UK**, ahead of places like Oxford and Cambridge and several local authority areas in the south east of England<sup>154</sup>. (Aberdeen City itself is just outside the top 5% in the country.)

Aberdeenshire’s GVA increased slightly relative to the previous year after a dip in 2016 and 2017 (largely due to the prolonged low price of oil).

If Aberdeenshire’s GVA follows a similar path to that projected for national GDP, a 14% annual decline would equate to GVA of approximately £6.4 billion – a level not seen since 2012. This at a time of depressed oil prices<sup>d</sup>, to which Aberdeenshire is particularly sensitive. Again, this is one of many consequences of the coronavirus pandemic.

<sup>a</sup> Gross weekly wages of full-time workers increased from £594.50 in 2018 to £629.90 in 2019 (+6%). This was 9% higher than the Scottish average and the 5<sup>th</sup> highest weekly wage out of Scotland’s 32 local authority areas.

<sup>b</sup> Gross Value Added (GVA) is the total value of goods and services produced in

<sup>c</sup> Services sector: £4.603 billion; Production sector: £2.282 billion; Construction sector: £0.541 billion

<sup>d</sup> Under \$35 per barrel at the time of writing.



**Early signs of hardship:**

Provisional figures for May 2020 suggest Aberdeenshire residents are beginning to be materially affected by global developments. The number of people on Universal Credit, for example, increased by 88% in May 2020 relative to the month prior to Lockdown (increasing from 6,649 people in February 2020 to 12,496 in May 2020). Aberdeen City recorded a similar percentage increase. In both cases this is higher than the corresponding increase for Scotland as a whole (72%).

Consequently, just as **certain sections of society have not materially benefitted from recent increases in GVA, they will likely be disproportionately negatively affected by the subsequent reduction.**

Approximately 6% of Aberdeenshire’s working age population is income deprived<sup>155</sup>. Although this is one of the lowest rates in the country, it reaches as high as 26% in some areas - or more than double the national average. These areas tend to be located in the north of Aberdeenshire, particularly Peterhead and Fraserburgh.

In terms of the Living Wage, a greater proportion of Aberdeenshire employees earn less than their Scottish counterparts (19.2% in Aberdeenshire *versus* 16.9% for Scotland)<sup>156</sup>, albeit the situation has improved over recent years. Nonetheless, 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.

The Local Development Plan, 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**

Ending Scotland’s contribution to climate change and securing a positive future for generations to come are the focus of the 2019/20 Programme for Government<sup>e</sup>.

The Programme for Government sets out the Scottish Government’s next steps to **tackle climate change**, - the main thrust of the policy document, - including a landmark investment of more than £500 million to improve bus infrastructure across the country to encourage more people to use public transport (which may require some degree of reconsideration in a post-COVID-19 world).

Other measures in the latest Programme for Government include:

- plans to decarbonise Scotland’s railways by 2035 and make the Highlands and Islands the world’s first net zero aviation region by 2040;
- a new £1 billion school investment programme and an extra £15 million for additional learning support;
- An additional £20 million of funding to help tackle the public health emergency of drug deaths in Scotland;
- The Child Payment (which is designed to benefit low income families with young children by £500 each year) will now be introduced by Christmas 2020;
- A ‘Green New Deal’, harnessing the power of the Scottish National Investment Bank and creating a £3 billion package of investments to attract green finance to Scotland;
- develop regulations so that new homes from 2024 must use renewable or low carbon heat;
- targeting a minimum of £30 million of support for renewable heat projects;
- making the first Job Start Payments in spring 2020;
- putting in place a Women’s Health Plan to tackle women’s health inequalities;
- continuing to support mental health, with a 24/7 crisis support service for children and young people and their families, a community wellbeing service

<sup>e</sup> The next publication will likely be during September 2020



- enabling self-referral for children and young people and a £5 million investment in a community perinatal mental health service across Scotland;
- taking forward planning to mitigate the worst consequences of a ‘no deal’ Brexit

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>157</sup>.

#### 4. **Regional Economic Strategy**

Aberdeenshire’s economic ambitions are **global in scope**. The Regional Economic Strategy provides a shared vision and ambition for the future of the North East of Scotland to align commitment, investment and action in pursuit of its economic growth and diversification objectives.

The vision is generally one of economic renaissance that results in a diversified and resilient regional economy supporting high-value employment.

**A revised economic vision for the North East region is planned for publication in August 2020, having taken account of the pandemic and net zero work on carbon emissions.**

Partnership working across all agencies is vital to addressing the economic and related social challenges that are emerging and still to emerge.

#### 5. **Economic Development and other local updates**

The Economic Development service continues to work with a range of partners to support the development of the local economy. Through the establishment of **Invest Aberdeen** in partnership with Aberdeen City Council a range of activities have been undertaken to promote the region and attract new businesses and investment into the area. Working with **Opportunity North East (ONE)** the service has supported the energy, life science, food, drink, agriculture and fishing industries and through the **Aberdeen City Region Deal** has helped

to attract significant investment into the area.

Work continues across the region to deliver business support to local businesses. The **Business Resilience and Sustainability Scheme (BRASS)** provides funding to help local businesses grow and expand creating benefits in terms of jobs and money in the local economy. The **Business Gateway** service delivers business advice to existing and start-up businesses across the region and the Community Economic Development team helps to support a range of social enterprises.

Aberdeenshire Council is among the first Councils in Scotland to develop a **Towns Centre First Policy** which puts the health of town centres at the heart of proportionate and best value decision making, seeking to deliver the best local outcomes regarding investment and de-investment decisions for each town. In December 2019 the Council received a £3.28 million share of the Scottish Governments Town Centre Fund. This money has allowed a number of town centre projects to progress, although COVID-19 has led to some delays in construction activity. The Council has also launched a new town centre Phoenix Fund to support local partnerships to revitalise their town centres once lockdown restrictions are eased sufficiently.

The Council has in place a range of strategies and plans to protect and maintain the areas natural environment and built heritage. One of the key projects which is progressing well is the **Historic Asset Management Project** which has been running for over 5 years and which covers over 500 HAMP assets.

#### 6. **Infrastructure**

Aberdeenshire requires **first class infrastructure** in order remain an attractive place in which to live, work and invest. Improving and maintaining 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 new National Transport Strategy – presented as a 20-year strategy – establishes a revised national policy context, affecting the policy approach at a regional and local level. It will be a material consideration in guiding the Strategic Transport Projects Review and will significantly influence decisions and the policy approach relating to regional and local transport provision, including the interface with land use planning, economic development, and social inclusion.

The national strategy establishes the following vision: “We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors”. The vision is supported by four priorities:

1. Reduce Inequalities;
2. Tackle Climate Action;
3. Help deliver inclusive economic growth; and
4. Improve health and wellbeing.

The Strategy reinforces the existing approach regarding the sustainable transport hierarchy (priority for walking, cycling, bus and lastly car). It also introduces a sustainable investment hierarchy that has been established to guide future funding decisions, with an emphasis on looking at maintenance of the asset, and alternative approaches to make best use of existing capacity, prior to investment in new infrastructure. An ambition to phase out the need for new petrol/diesel cars and vans in Scotland by 2032 is also stated and that is now supported by a proposed ban by the UK Government by 2035.

The finalisation of the National Transport Strategy, and development of the Regional Transport Strategy also heralds a requirement to consider options for the refresh or renewal of the Council’s Local Transport Strategy.

Following publication of the National Transport Strategy, officers have concluded that in many ways the current Local Transport Strategy from 2012 is very well placed to reflect the current policy environment, with its central messages of Travel Less, Travel more Actively, Travel more Effectively. Indeed, it could be said that the new National Transport Strategy has built on the Council’s approach and Members are asked to support these principles as the start point of any reviewed approach to our Local Transport Strategy<sup>158</sup>.

The process that lead to the production of Aberdeenshire Council’s Road Asset Management Plan is also robust and fit for purpose. The Plan itself outlines how the council’s most valuable asset (in cash terms, at least) will be managed and maintained for this and future generations.

Aberdeen Western Peripheral Route was fully opened in February 2019 (although many sections had been useable before this date). Not only has the new road reduced journey times around Aberdeen, according to Galbraith property consultants the road has widened home buyers search both north and south of the city.

Transport Scotland plans to dual the A96 between Inverness and Aberdeen, involving the upgrade of 86 miles of single carriageway between the two cities. Part of the project involves a new dual carriageway between east of Huntly and Aberdeen.

The trainline between Aberdeen and Inverness is currently being upgraded, with the entire project scheduled to be completed by 2030. The project aims to reduce journey times, while increasing the frequency of the service. During 2019 work began on doubling the track between



Aberdeen and Inverurie while construction started on a new station at Kintore.

Aberdeen harbour has been undergoing a £350 million expansion. As the works will allow cruise ships to berth alongside the dock it is anticipated the project will encourage tourism into the region<sup>159</sup>. Peterhead Port Authority has also recently delivered a £50 million investment in deepened harbours, better access for ships, crew and freight and a new fish market.

**7. Other National Infrastructure Strategies**

Following the publication of the National Transport Strategy, officers are aware of a raft of complementary strategies and initiatives across transport, land use planning, and economic development. It will be important to continue to develop and present a coherent and coordinated north east and Aberdeenshire message in respect of this work:

- Progression of Transport Scotland’s second Strategic Transport Projects Review;
- Finalisation of work on the Infrastructure Commission for Scotland;
- Consultation on Aberdeen City’s and Aberdeenshire’s Local Development Plans;
- Development of National Planning Framework 4;
- Preparation of Regional Spatial Strategies; and
- Refresh of the Regional Economic Strategy.

**Forward Look**

**8. COVID-19 – Economic Implications**

The outlook for the UK economy is increasingly pessimistic. The latest UK GDP data for March 2020 was down 5.8% compared to February (and down 2% over the first quarter of 2020). The average of independent forecasts for the UK suggests a fall of 8.6% in GDP in the UK.

The Bank of England scenario analysis (7 May) suggests that UK GDP could fall by 14% in 2020 with a bounce back to growth

of 15% in 2021. Unemployment could rise to 8% in 2020 and remain elevated at 7% in 2021.

The Bank of England and the Office for Budget Responsibility (OBR) have in recent analysis assumed a V-shaped recovery, that is, a short, sharp decline in economic activity followed swiftly by a rebound in growth within 12 months. As more economic data emerge, there is a growing recognition that a quick rebound in economic activity following the phasing out of lockdown may be unlikely.

The Scottish economy will recover from the current impacts of COVID-19, but the shape and speed of adjustment are uncertain. Although physical distancing measures are expected to be temporary in nature, there is potential for even short-term measures to have long lasting impacts and become more structural.

The path of the recovery remains uncertain for several reasons<sup>160</sup>:

- as business and society reopens the output contraction will likely reverse for many parts of the domestic economy. However, not all sectors will come back immediately as external demand, consumer tastes, and business models will have changed significantly. This will present challenges and opportunities for different segments of the business base reflecting their exposure to different economic channels - both external and domestic. The crisis may also accelerate some structural changes that were already happening, such as a switch from high street retail to online. This may negatively impact on Aberdeenshire’s town centres over the coming years.
- Loss of productive capacity will likely endure as the restrictions in economic activity continue and this will lengthen the recovery period. This is mirrored in the labour market as unemployment rises significantly and the scarring effects that has on individuals and communities. It bears repeating that 12,500 people in Aberdeenshire were on Universal Credit in May 2020, up



from approximately 6,650 in the month prior to lockdown – an 88% increase.

- The longer the measures are in place, the harder the impact will be on the public finances and the less scope there will be for a fiscal stimulus in the recovery, with a greater risk of wider economic contagion. Latest Aberdeenshire Council figures suggest a *potential* budget shortfall of between £30-35 million for financial year 2020/21 (approximately 5% of the entire revenue budget). However, mitigating actions are in place.
- The economy will recover but the path and speed of recovery will mirror success in managing the health crisis and will require careful planning and management of economic activity so that society can operate in a different but productive manner

The Economic Response has been characterised as the four ‘R’s: Respond, Reset, Restart and Recovery.

During “Respond” and “Reset” the priority has been to protect lives and critical infrastructure and provide emergency support to protect businesses and household incomes; to develop industry specific guidance and support.

As a country, we are now planning for “Restart” and “Recovery” as we look to develop the measures necessary to get businesses back to work and plan for a post COVID economy.

**Impact on Inequalities:**

A key feature of the crisis is how it is impacting differently on different groups. The higher rate of health impact on Black and Minority Ethnic populations have been widely documented<sup>161</sup>; these differences are also stark across different socio-economic groups.

For example, COVID-19 job disruption is likely to have a disproportionate impact on women’s employment, as a result of low-paid women being particularly affected by job disruption; and women are potentially faced with an increase in childcare

responsibilities as a result of school and nursery closures in the shorter term.

The Institute for Public Policy Research<sup>162</sup> notes that young people are also likely to be hit hard in Scotland, as they are disproportionately concentrated in the sectors most affected by the economic shutdown, and so face heightened exposure to job loss or furlough.

The IPPR estimates that 41% of young people in work in Scotland were furloughed in April, compared to 22% of all workers in Scotland. This is similar to research from the IFS<sup>163</sup> that has found that workers under the age of 25 are two and half times more likely than those aged 25 and older to work in sectors that have been shut down and is reinforced by work from the Resolution Foundation for the Nuffield Foundation that estimates that youth unemployment could rise by 600,000 across the UK, affecting the least qualified the most.

9. **Working Towards Economic Recovery**  
Scotland’s Advisory Group on Economic Recovery was recently tasked with recommending solutions to ensure transition towards a greener, net-zero and wellbeing economy, and to advise on measures to address different challenges the economy will face as Scotland recovers from the coronavirus (COVID-19) pandemic.

The group’s 25 recommendations, which will now be considered in detail by the Scottish Government and its partners, include:

- an urgent need to access low cost debt requires an accelerated review of the Fiscal Framework, and a significant increase in access to capital investment to support an investment-led recovery
- a Scottish jobs guarantee, in partnership between business and government, should be introduced to address unemployment, with refocused skills strategies and decisive steps to align teaching and learning in



universities and colleges to the needs of business

- prioritisation of sector plans to deliver a green recovery, where the coincidence of emissions reductions, the development of natural capital and job creation are the strongest
- critical investment in the country's digital infrastructure to improve connectivity, reduce inequalities and build the country's resilience
- urgent action to develop a stronger relationship between business and government on the strategy for Scotland's economic recovery

**Impact on Oil & Gas<sup>164</sup>:**

The oil & gas sector has recovered and reinvented itself through innovation. But as the extent of damage wrought by COVID-19 becomes apparent, the situation appears different this time.

What makes this crisis unique is not just the combination of the immediate demand and early supply shocks, resulting in extreme volatility. It is also how the crisis may accelerate underlying trends, such as the growing momentum of environmental, social and governance (ESG) themes, and energy transition.

The spread of COVID-19, resulting in global lockdowns and dramatically reduced economic activity, has led to a tumble in demand for oil. This demand shock, according to analysts, represented a 30% decline in April 2020 alone<sup>f</sup>. Several agencies now anticipate that for the whole of 2020, oil demand will decline by about 7 to 9 million barrels per day. During the global financial crisis, demand decreased by 1.4 million barrels per day.

Many office staff are working from home, while the numbers working on offshore platforms have been cut to allow for social distancing. North Sea staffing levels are down 40% to 7,000 according to trade association Oil & Gas UK, while in the face of reduced demand, refiners are

scaling back processing runs or even shutting down refineries altogether.

The energy transition and a move to ESG investing have been underway for some time, but COVID-19 may provide the impetus to accelerate these trends. As mentioned earlier, one of the main themes of the latest Programme for Government centres on tackling climate change and decarbonisation.

The COVID-19 crisis has highlighted how fragmented the energy market remains, and this is particularly true in oil services. Whether as a result of distress or outright failure, consolidation in the market is a likely outcome.

Global upstream Oil Field Services (OFS) revenue never recovered from the last oil price downturn but invested capital levels have remained elevated, further reinforcing the need for capacity rationalisation.

There will likely be mergers, with Tier 2 and 3 (smaller) companies looking to combine to survive. Tier 1 (larger) players may continue to divest but may also become aggregators, acquiring smaller companies to build specific capabilities.

Job losses tend to follow industry consolidations

Across all these segments OFS companies will likely develop strategies to increase their exposure to low carbon plays, such as offshore wind, hydrogen and carbon capture, utilisation and storage (CCUS).

Alternatively, OFS players may consider strategic investments in selective geographies and product or service lines which will prove resilient through cycles and generate cash flow in the future. They may also streamline their portfolio. Many larger OFS companies have subscale businesses in sub-scale geographies.

<sup>f</sup> A historic drop occurred on 20 April 2020, when the price of West Texas Intermediate crude dropped by 300%, trading at around **negative** \$37 per barrel (futures

contract). This was a consequence of the demand shock as a result of the COVID-19 lockdown and the oil price war between Russia and Saudi Arabia.



These tend to destroy the economic value. Therefore, divestitures are in order and may result in the emergence of larger regional OFS companies.

In 2016 the Wall Street Journal estimated that the cost of producing a barrel of oil in the UK equated to \$44 – the highest out of the world’s top oil-producing nations<sup>165</sup>. At the time of writing, oil prices barely cover the average cost of extraction. Additional expenses, like taxes on profits, mean that the actual breakeven price for many projects is higher, and newer and more complex projects generally fall well above the average cash cost of production. The danger for the North East economy is that oil & gas extraction will no longer be considered a viable cash-generating activity for some businesses.

### 10. Recovering from COVID-19 – A Local Authority Perspective<sup>9</sup>

With the pandemic having closed much of the economy, more people are experiencing insecurity and hardship. As governments around the world, including the UK, start to ease the lockdown and get their economies moving again, it is becoming clear that life is going to be different, with many implications for local authorities.

Local government is at the heart of community wealth building, and there are many examples of the proactive and imaginative approach required in how councils have coordinated local emergency responses to the pandemic. The same level of energy and focus will be needed in the recovery and reform stages to build local economies based on wellbeing, resilience, environmental sustainability and economic justice.

According to the Local Government Information Unit, local authorities can play three roles in the economic response to COVID-19<sup>166</sup>:

- (1) Analyser** – building and maintaining a detailed and granular knowledge of the state of the local economy and the impact of COVID-19 in the short, medium and long term on sectors and communities.
- (2) Anchor** – as a large employer, procurer of goods and services, owner of land and assets and investor in the local areas, the council, with other anchor institutions, can lead economic reform.
- (3) Agent of change** – using all the levers of the local state, councils can set the conditions for inclusive local economies and rewire the local economic architecture; they can also intervene at scale to implement policies such as insourcing and new municipal enterprises.

Local authorities could undertake the following tasks or actions (amongst others):

- Map local needs and flows of goods and services.
- Work practically with local businesses as state support is withdrawn.
- Update local economic and industrial strategies for the new context.
- Ensure local industrial strategy can support potential growth sectors, for example, ‘green new deal’.
- Scale-up unemployment support and tailor it to needs of the most vulnerable
- Dispose of under-used assets to ‘public-commons partnerships’ and socially-minded businesses.
- Help bring redundant private assets back into use for social purposes.
- Where relevant, identify where existing devolution deals may need further work with the government to meet newly arising need.
- Use procurement to raise social, economic and environmental standards and incentivise good pay conditions; explore how other powers such as planning and business rates could further support higher standards.
- Collaborate with other anchor institutions and their supply chains on

<sup>9</sup> This is based on research by the Local Government Information Unit (LGIU). LGIU was established in 1983 as an independent, not-for-profit local authority membership organisation and think tank. Members include councils and other organisations with an interest in local

government from across England, Wales, Scotland, Ireland and Australia. LGIU Scotland comprises 5,000 individual members, and includes MSPs, MPs, National Conveners, CEOs, NGOs, and local authorities.



employment support schemes to create opportunities for the most disadvantaged.

- Encourage new forms of finance and investment with steady returns, for example using municipal pension funds.
- Support the voluntary, community and social enterprise sector to develop new socially oriented businesses to meet needs.
- Consider how essential services such as broadband, public transport and housing could be made more universal.
- Lobby vigorously for a fair funding settlement for local government.

### 11. Brexit

The role that Brexit will play in the social and economic future 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.

The transition period is scheduled to end on 31 December 2020. New economic modelling by the Scottish Government indicates that ending the transition this year would result in lowered Scottish GDP of between £1.1 billion and £1.8 billion by 2022 (0.7 to 1.1% of GDP), compared with ending transition at the end of 2022. That would be equivalent to a cumulative loss of economic activity of between nearly £2 billion and £3 billion over those two years. A proportionate impact would be likely for the UK economy. This will clearly hamper recovery from the impact of the pandemic<sup>167</sup>.

The combined impact of these effects on businesses that are already severely affected by COVID-19 could result in widespread business closures and job losses over and above those resulting from COVID-19 alone.

#### European Structural Funds:

The UK will not receive support from the European Structural Funds, after the

current funding period. The purpose of these funds is to “invest in job creation and a sustainable and healthy European economy and environment.” In Scotland, they have played a vital role in reducing disparities across different parts of the country for over 40 years.

Under the current 2014-2020 programme Scotland benefits from over £780m of such funding through the European Regional Development Fund and the European Social Fund. This provides investment for key policies such as the Modern Apprenticeship schemes and Low Carbon Infrastructure Transition Programme. The loss of this funding will have a significant impact on the ability of local authorities, community groups, funding bodies and enterprise and skills agencies to deliver the kinds of initiatives that will drive inclusive economic growth and promote wellbeing and cohesion in communities across Scotland.

Aberdeenshire Council has previously carried out an evaluation of the delivery of European Structural Funds programmes in parallel with stakeholder consultation on potential national programmes<sup>168</sup>.

The report identifies the following priorities as particularly important for replacement domestic programmes:

- **Employability and Skills** - initiatives which support disadvantaged people into sustainable employment and/or ensure that there is a skilled workforce in place to meet the needs of the local economy.
- **Poverty** - initiatives which support people living in or at risk of living in poverty, with a particular focus on rural deprivation and pockets of deprivation in small towns.
- **Connectivity** - initiatives which improve digital and transport infrastructure in rural areas and/or increase accessibility to reliable, regular and sustainable transport.
- **Regeneration, Rural Services and Facilities** - initiatives which regenerate



physical infrastructure in villages and towns and/or enhance local services.

- **Business Development and the Social Economy** - initiatives which directly support businesses, including social enterprises, to grow, innovate or export and initiatives which support the development of priority sectors with a particular focus on diversification and strengthening of traditional sectors and the development of emerging sectors and economic opportunities.

Aberdeenshire Council would like to see the above priorities taken into consideration in the development of new domestic programmes. In light of the declared climate emergency in 2019 by the Scottish Government, Aberdeenshire Council additionally would like to see climate action (mitigation and adaptation) and biodiversity made a priority also.

These priorities may be interlinked (e.g. tackling in work-poverty through employability interventions) and should not necessarily be limited in scope to the activities supported by current Structural Funds programmes. For example, there is an opportunity to expand eligible activity to include investment in town centre redevelopment and repurposing. There should also be a continuation of horizontal, cross-cutting themes including environmental sustainability and social inclusion integrated into all parts/themes of the programme<sup>169</sup>.

**Migration:** Brexit has placed an increased focus on the nationality of people living and working in the UK. It has the potential to discourage EU migrants from coming to the UK to live and work, either through choice or eligibility. Migration is important to Scotland as without it the population would be declining. In Aberdeen City and Shire, there were 35,000 people who were born in the EU and a further 26,000 from the rest of the world in 2018. The EU born population accounted for 7% of the region's population, and 5% of the region's population were born elsewhere in the world. Compared to Scotland a greater percentage of the region's population were born in the EU or elsewhere in the world.

Changes to migration policy as a result of Brexit will affect all regions in Scotland, but the evidence suggests that Aberdeen City and Shire may be more adversely affected if the changes affect supply.

## 12. Employment and Employment Forecast – Aberdeen City & Aberdeenshire<sup>170</sup>

### Employment:

According to the Regional Skills Strategy, which was published in October 2019<sup>171</sup>, total employment in Aberdeen City and Shire (measured by jobs) was estimated to be 303,500 in 2019, 11% of Scottish employment.

The employment rate for the working age population (aged 16-64) in the region was 78%, which was above the rate for Scotland (74.5%). Compared to Scotland, the region had above average employment rates for:

- Young people (aged 16-24), 65.3% compared to 58.3%;
- Males, 82.8% compared to 78.1%;
- Females, 73.8% compared to 71.1%; and
- Disabled people, 49.7% compared to 45.9%; and
- Ethnic minorities, 67.2% compared to 57.4%.

The region's overall employment rate means that approximately two in ten of the region's working age population were unemployed (4.6%) or economically inactive (17.9%). Inactivity includes people who are studying, retired or looking after their family or home.

Across Scotland and within the region full-time jobs were most numerous, 212,000 jobs (7%) were full-time in Aberdeen City and Shire in 2019. This was a higher percentage share compared to Scotland where 68% of jobs were full-time. Within the region more than two thirds of full-time jobs (145,400; 69%) were held by males, and the remaining one third (66,500; 31%) were held by females.



Part-time jobs accounted for a smaller percentage share of employment in the region compared to Scotland, 30% compared to 32%. Overall, there were 91,500 part-time jobs in Aberdeen City and Shire, females accounted for almost three quarters (64,900; 71%) of these jobs. Whilst males accounted for 29%, 26,600 jobs.

In Aberdeen City and Shire, the largest employing sectors, and their regional share of employment, in 2019 were:

- Professional, Scientific and Technologies activities, 14%;
- Human Health and Social Work, 13%;
- Wholesale and Retail Trade, 11%;
- Mining and Quarrying, ten%;
- Manufacturing, eight%;
- Accommodation and Food Service Activities; seven%.

**Employment Forecast:**

Prior to the COVID-19 pandemic the employment growth that occurred in Aberdeen City and Shire in the past was not forecast to continue. From 2019 to 2029 employment decline of -1.1% was forecast in the region. This equates to -0.1% employment decrease year to year, and 3,200 fewer jobs in total over the forecast period. This contrasted with the national projected growth rate. A 3% increase in employment, or 0.3% growth annually, over the forecast period was expected for Scotland. The growth rate for the UK is greater still, a 5% increase, or 0.5% annual change, was forecast.

The employment forecast for the local authorities within Aberdeen City and Shire showed a consistent outlook. The Aberdeen City and Aberdeenshire local authorities were forecast to have a net decrease in the number of jobs over the forecast period. Both are expected to have an annual average decline of -0.1%.

Over the period to 2029, full-time employment was expected to decrease in Aberdeen City and Shire with 3,000 fewer full-time jobs in 2029 compared to 2019. Both male and female full-time employment will decrease, by 1,600 and

1,400 jobs respectively. Part-time employment was also expected to decline by 200 jobs. Female part-time employment was forecast to decline by 400 jobs, but some of this decline was expected to be offset by growth of 200 jobs in male part-time employment.

Energy was the key sector forecast to have the greatest employment decline in Aberdeen City and Shire, with 6,700 fewer jobs in 2029 compared to 2019 expected

Although employment is forecast to decrease in Aberdeen City and Shire from 2019 to 2029, sectors will have varying performance. The greatest growth in jobs is forecast in Professional, Scientific and Technical Activities, with 4,700 more jobs expected in the sector by 2029 compared to 2019. Other sectors forecast to have growth over the forecast period are Administrative and Support Services (2,000 jobs), Construction (1,600 jobs) and Human Health and Social Work (1,300 jobs).

Job losses in Aberdeen City and Shire are also forecast across a number of sectors. Mining and Quarrying is the sector forecast to have the greatest number of job losses from 2019 to 2029. During the forecast period a decline of 8,000 jobs is anticipated. The Manufacturing sector is forecast to have a decline of 3,300 jobs over the same period of time. This reflects the general trend of more capital intensive and higher value-added activity in the sector, which requires less labour-intensive methods.

By occupation, Caring Personal Service Occupations are forecast to experience the greatest increase in employment in Aberdeen City and Shire from 2019 to 2029 (of 900 workers). Growth in these occupations is closely related to the forecast rise in employment in the Health and Social Care sector. An additional 600 workers are expected to be required in Skilled Construction and Building Trades occupations, driven by expansion in the Construction sector. Other occupations anticipated to have an increase that is relatively large for the region are:



- Culture Media and Sports Occupations, 600 workers;
- Health Professionals, 400 workers;
- Business and Public Service Professionals, 400 workers; and
- Clerical and Service Elementary Occupations, 300 workers.

Occupations likely to contract over the next decade tend to be those most closely associated with Mining and Quarrying, Manufacturing and Public Administration and Defence, reflecting the declining numbers of jobs in each of these sectors. Examples include Skilled Metal and Electrical Trades (-1,700 people), Process, Plant and Machine Operatives (-1,200 people) and Administrative Occupations (-900 people)

### 13. General Economic Opportunities

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.

### 14. Automation

The automation of tasks otherwise carried out by people has been a focus for civilisation for more than 2,000 years. Waterwheels for processing grain and stone were recorded from 350 BCE in Syria and Egypt. The Industrial Revolution in the nineteenth century saw the wider adoption of automated technology, such as punch-card controlled looms, that would simplify tasks previously done by hand. Such changes were the subject of protest and sabotage as skilled craftsmen sought to prevent the

diminishing of their trades. The modern rise of industrial automation and the use of robots in the workplace has triggered similar concerns on the potential impact it could have on the quality and availability of work<sup>172</sup>.

Financial services jobs could be relatively vulnerable to automation in the shorter term, while transport jobs are more vulnerable to automation in the longer term<sup>173</sup>.

In the long run, less well-educated workers could be particularly exposed to automation, emphasising the importance of increased investment in lifelong learning and retraining.

For business, the performance benefits of automation are relatively clear, but the issues are more complicated for policymakers. Policymakers 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.

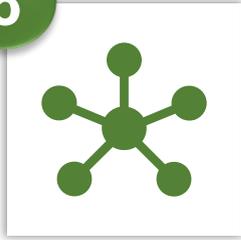
At the same time, policymakers must evolve and innovate policies that help workers and institutions adapt to the impact on employment. This will likely include rethinking education and training, income support and safety nets, as well as transition support for those dislocated by the changing nature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

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.



6



# Our Economy: Estate Modernisation

## Key Judgements

- Sound financial planning and the general economic context in which local authorities operate are crucial elements in the Estate Modernisation priority. **Scottish Government revenue funding to councils has reduced in real terms** over the period 2013/14 to 2020/21 by 3.3%. Since 2017/18 however, it has increased by 3.9% in real terms, to £10.7 billion in 2020/21. This does not include additional funding in response to the COVID-19 pandemic. **The strain on budgets is evident as councils continue to dip into their reserves to make ends meet.** Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable. Aberdeenshire again received a relatively low Settlement Grant per head of population (3<sup>rd</sup> lowest in Scotland). The greatest stress on future budgets (besides real terms reductions) will likely come from **demographic changes**. Challenges will be particularly acute in Aberdeenshire, with a relatively large proportional increase in the over-75 age group.
- **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.
- There have been several significant financial events since the Council agreed its MTFS on 18<sup>th</sup> March 2020, all a consequence of the global coronavirus pandemic. The ultimate **potential shortfall in the revenue budget** (extrapolated from quarterly data) amounted to approximately **£30 million over 2020/21.**

Consequently, Strategic Leadership Team (SLT) began to identify material income streams which may not be realised this financial year and similarly where additional costs are likely to be incurred.

The detrimental impact on the Council’s financial position has been unparalleled resulting in a situation which can be classed as a financial crisis.

**The actions taken by the Finance team and all relevant stakeholders** on the back of the unprecedented challenges may be considered **appropriate and laudable** given the circumstances.

- How we operate as a council in terms of service delivery, our human resources, and physical assets – these, too, are critical elements of Estate Modernisation. **Delivering services differently should be focused on improving outcomes in ways that are affordable.** The aim to is to find more efficient and effective ways to improve outcomes for communities and,



their experiences of services. This might mean providing services very differently or changing how and what services are provided.

- 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 41% of Aberdeenshire Council’s workforce is over 50 years of age; 14% is over the age of 60. The Council will therefore need to consider if and how to replace these experienced workers over the next decade or so. This will likely be considered under the auspices of the workforce strategy – “Our Future Workforce”.
- **The COVID-19 pandemic placed a great deal of stress on public sector organisations.** As category 1 responders, the Council activated emergency response mode. This involved, among other things, an immediate reprioritisation of staff and activity. The Workforce, Staff Mobilisation & Facilities Workstream was set up to assist with this cross-service work. Services in collaboration redeployed and re-tasked staff in a cross-service manner, so that the effort could all be focused on the emergency response. All staff and councillors were commended for the swift, skilled and unquestioning commitment to the council’s emergency response. Consequently, **Aberdeenshire Council was recognised as being at the cutting edge of continued democratic input during the pandemic** and has been a source of “best practice” advice for other Councils and organisations such as COSLA.
- Looking to the future, organisations that lead on the **post-COVID-19 environment will boldly question long-held assumptions about how work should be done and the role of the office.** There is no one-size-fits-all solution. The answer, different for every organisation, will be based on what talent is needed, which roles are most important, how much collaboration is necessary for Best Value / excellence, and where offices are located today, among other factors.
- **The Council can also use this moment to break from the inertia of the past by dispensing with suboptimal old habits and systems.** A more permanent switch to remote working, or some hybrid between office and home working, will doubtless be a significant undertaking. Regardless of the eventual form that our working lives take, **permanent change will require exceptional change-management skills** and constant pivots based on how well the effort is working over a prolonged period of time.  
That kind of change will require transformational thinking grounded in facts. Ultimately, the aim of this reinvention will be to fulfil the vision of the Council’s “Our Future Workforce” strategy, with **staff wellbeing and productivity likely to feature among the prime considerations.**

## Assessment of Issues

The following sections (1 to 9) consider the importance of sound, long-term financial planning arrangements and note the financial context in which Aberdeenshire Council operates.

### 1. Financial Context

Scottish Government revenue funding to councils has reduced in real terms over the period 2013/14 to 2020/21 by 3.3%. Since 2017/18 however, it has increased

by 3.9% in real terms, to £10.7 billion in 2020/21. This does not include additional funding in response to the COVID-19 pandemic. The strain on budgets is evident as councils continue to dip into their reserves to make ends meet. Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable.

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 tended to see the biggest budget reductions, while education and social care services take up a growing proportion of council spend<sup>174</sup>.

Aberdeenshire, Aberdeen City and Edinburgh City Councils tend to receive the **lowest revenue allocation per head** of population in Scotland over any given year. This is because these local authorities receive a relatively **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>175</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>176</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>177</sup>.

## 3. COVID-19 – Budgetary Consequences<sup>178</sup>

There have been several significant financial events since the Council agreed its MTFS on 18<sup>th</sup> March 2020, all a consequence of the global coronavirus pandemic.

As a result of these events Strategic Leadership Team (SLT) began to identify material income streams which may not be realised this financial year and similarly where additional costs are likely to be incurred.

The detrimental impact on the Council's financial position has been unparalleled resulting in a situation which can be classed as a financial crisis due to the following reasons:

- An £8.5 million loss in income and increased costs is predicted for the first financial quarter of the year
- across the MTFS which may result in an annual shortfall in excess of £30 million (or approximately 5% of the council's revenue budget);
- As this is anticipated to be a sustained position it will likely take more than one financial year to resolve; and
- Without action this would require the use of 70% of Council reserves.

The actions taken on the back of the unprecedented challenges may be considered appropriate and laudable.

From the beginning of April 2020, the financial impact on the Council has been measured and reported to Strategic Leadership Team on a weekly basis and then to Councillors. This has evolved and includes cash, expenditure, funding and a comparison to budget.

### Revenue Budget:

The Council set a balanced revenue budget of £605 million for this financial



year. The phased budget, or the planned income and expenditure budgets for the first two months of the year expect a surplus position of income over expenditure of £10.7 million mainly due to a constant income stream compared to a low early spending pattern. However, the actual figures for the first two months in the year show a £4.3 million surplus, which is £6.4 million lower than the phased budget. Extending this position to the end of the first quarter supports the £8.5 million deficit for the MTFS.

The extrapolation of the £8.5 million first quarter figure over the remainder of the financial year could result in a deficit of over £30 million if the current situation persists and no action is taken. Whilst a combination of these events is unlikely, there are a number of scenarios that could be prepared to vary that figure. As a result, £30 million is a potential annual scenario indicating the scale of the challenge but by splitting the year into quarters and reporting more frequently based on actual data, professional judgement and actions taken a more robust figure will result.

One reason for proposing a quarterly predicted position is to capture as accurately as possible the financial impact of delivering and indeed stopping services during an emergency situation. These actions will cost money but do not necessarily carry a guarantee of additional funding. This could include, the reopening of schools, use of transport and the continued closure of leisure facilities. This creates risk and liability for the Council therefore officers will be trying to clarify and reduce this as far as possible. More frequent reporting will be more accurate and will influence the decision making around varying the current service delivery position.

**4. Capital Plan**

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.

The Council set a General Fund Capital Plan in March with 70 projects and a budget of some £150 million for the current financial year. In total, 48 of these projects have been suspended or not yet started reflecting the immediate action that was taken as a result of the COVID-19 pandemic resulting in a significant impact on the progress and deliverability of works within the current year. All decisions including the financial risks are being reviewed in light of current guidance on construction and major projects. A similar position is in place across the HRA with a £61 million Capital Plan over four workstreams largely on hold. To date £5.5 million has been spent from an expected phased budget of £35 million. The Capital Plan Group has established a review process for the Capital Plan and will incorporate the approach in this report as well as the reporting arrangements.

**5. Reserves**

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 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.

The unaudited annual accounts for 2019/20 currently stated a total reserve position of £46 million. Included in this figure is the General Fund Working Balance of £9 million. This balance has been preserved for a number of years as a reserve for emergencies or of last resort. It is specifically at times like this that attention correctly focuses on reserves, as the need to be financially flexible, to react out with the agreed budgets and to bridge financial years are important fiscal tools available to the Council.



Audit Scotland have recently stressed that the increasing use of reserves among councils in Scotland is unsustainable.

6. **Position of Strength**

The Council approaches this from a **position of strength**. This position is key as the Council has a positive track record of delivering sustainable services but also understands that in times of crisis it is important to react and scale back or stop service delivery. This has been demonstrated by the fact that key parts of the current MTFS were stopped overnight: Live Life Aberdeenshire and the majority of school services, whilst another key part of the MTFS expanded overnight: The Health & Social Care Partnership. In addition to this, hundreds of colleagues were redeployed to deliver other services with office-based staff now working from home on a secure and stable digital platform.

**Aberdeenshire Council has a history of financial stability, security and certainty.** The sound financial governance and sustainable service delivery has served the Council well developing into the Council's Medium Term Financial Strategy based upon the 6 new Council Priorities.

Aberdeenshire Council also has a history of working with its communities and this is particularly true during the pandemic. Once again local communities have stepped forward and stepped up to support each other in a variety of ways, sometimes with support from the Council but often on their own through shopping, medicine delivery, contact between neighbours, organising transport and much more. Therefore, the link into the Recovery work is key as the financial work is by no means the only consideration as links with all stakeholders should be maintained and strengthened.

**The MTFS has enabled the Council to navigate through tight financial periods in recent years** by understanding the connection between the revenue budget and the capital plan, the necessity for creating and discharging reserves for

specific prioritised purposes, and fundamentally, the importance of consulting with residents and tenants ahead of setting a budget and rent levels.

All this experience and professionalism will be needed to transition the Council from the agreed MTFS to a new MTFS.

7. **Proposed Approach to Develop a New MTFS**

Aberdeenshire Council's MTFS must now be the vehicle which we use to respond during a period when the Council will face unprecedented financial changes. Following the proposed plan to a new MTFS will enable financial resources to be prioritised, allocated and managed and therefore support the future delivery of services as well as the effective planning, restructuring and delivery of a balanced budget.

Alongside the restructuring proposal is the potential additional support from the Scottish Government. At present no additional support has been assumed, but it is certainly being asked for across the Council activities including the Health & Social Care Partnership. This position creates further risk and potential liability for the Council and therefore we must look to minimise and mitigate this position as far as possible.

A key part of the plan to transition to a new MTFS is for Directors to review their service delivery arrangements by assessing the scope and standard of current service. Through this assessment a decision will be made regarding the need to restructure a business model. In this context a business model is a budget page, e.g. School Catering, Roads Maintenance or Finance. This is a significant undertaking but a necessary one to deliver an appropriate level of service throughout the period of unparalleled change. The proposal is not to start a budget or MTFS process from scratch, instead Directors will review and then determine if a restructuring of the current business model is required to adapt to the current circumstances and in turn, if required further adapt to future



circumstances i.e. an adaptive budgeting approach.

**Ultimately the intention is that this approach will lead back to financial stability** and the continued delivery of the Council’s strategic priorities. It is recognised that **the Council may wish to review its priorities given the circumstances** and, if so, the work towards a new MTFS will be adapted accordingly.

### 8. 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>179</sup>.

### 9. One-Year Settlements

**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>180</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>181</sup>.

The case for multi-year budgets has been backed by the Scottish Parliament’s Local Government and Communities committee<sup>182</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>183</sup>.

The following sections (10 to 18) consider the importance of the organisation’s people and operating methods, both of which are important facets of the Estate Modernisation agenda. The ‘Forward Look’ section also contains a discussion of the role of offices in a post-COVID-19 world.

### 10. 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.

Delivering services differently should be focused on improving outcomes in ways that are affordable. The aim to is to find more efficient and effective ways to improve outcomes for communities and, their experiences of services. This might mean providing services very differently or changing how and what services are provided. In planning change, a council should be clear about the objectives and how they link to its vision, priorities and local plans, as well as about its duty to demonstrate Best Value. This requires investing the time and knowledge of political and managerial leaders and key



staff to develop the thinking and plans for a medium- and long-term strategy<sup>184</sup>.

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>185</sup>.

Aberdeenshire Council's total headcount is approximately 16,174 (or 10,213.6 FTE) as at Q4 2019/20. The medium-term trend is upwards, which is contrary to the national trend<sup>186</sup>.

Having the right number of staff, with the right skills, in the right posts, is a basic requirement for delivering services<sup>187</sup>. It is critical, according to Audit Scotland<sup>188</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**.

#### 11. Our Future Workforce – Corporate Plan

The emergence of key drivers such as the digital skills of staff, demographics, efficiencies and diversity have reinforced the need for a more strategic and planned approach to the Council's workforce<sup>189</sup>. Aberdeenshire Council headcount, Full-Time Equivalent, agency spend, and overtime bill continue to grow, despite regular discussion on shrinking budgets and vacancy management. The aim of a smaller, highly skilled, better paid workforce is often mentioned<sup>190</sup>, and the Council recently outlined the first steps in achieving that goal via the strategic document entitled: "Our Future Workforce – Corporate Plan".

Workforce profiling was undertaken regularly, but not in a planned way and not linked to any existing mechanisms such as the annual Medium Term Financial Strategy, strategic assessment or service redesign. The agreement of the strategy was the first step to formalising workforce planning.

The Plan outlines 3 priorities:

- Workforce Planning and Managing Potential
- Performance and Development
- Engagement, Reward and Wellbeing.

SLT endorsed the strategy in November 2019 and emphasised the need to work quickly to create service workforce plans by spring, 2021<sup>191</sup>.

#### 12. 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>192</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>193</sup>.

#### 13. Staff Training & Development

Aberdeenshire Council considers itself a **learning organisation** supporting a workforce of **lifelong learners**<sup>194</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>195</sup>.



#### 14. National Skills Shortages

Common skills that councils identify as gaps include professional skills such as planners, change, project and programme management, and digital and data management. These are all essential skills that councils need to implement their change programmes effectively and it is often difficult to recruit and retain staff with these.

Councils have adopted a variety of initiatives to manage skills shortages. Approaches such as apprenticeships, traineeships, grow-your-own schemes, and succession planning, have been utilised. Some councils offer existing staff the opportunity to move into expanding areas such as teaching or early learning and childcare. For example:

- North Lanarkshire has established a health and social care academy that aims to encourage young people to take up a career in the care sector.
- South Lanarkshire uses its switch to redeployment programme to match staff whose roles are at risk with suitable alternative roles, and it has initiatives in place to recruit staff for skills needed in its roads, early years and homecare services.
- Perth and Kinross has restructured all posts into five 'job families', which increases flexibility between services and encourages employees to retrain as the demand for skills changes between services. The council also operates a grow-your-own programme to address skills needs and tackle the challenge of its ageing workforce.

Councils need to continue to find ways to meet specific skills needs. This might include sharing staff with other councils or partners and working with education and training partners such as colleges and universities.

#### 15. '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>196</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. These Principles are expected to shape the council's systems, processes and structures over the foreseeable future.

#### 16. 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.

The Office Space Strategy project has slowed down considerably as a result of the COVID-19 pandemic. However, work continues to be done in readiness for the eventual return to physical office spaces to ensure the best practices are in place<sup>197</sup>.

A review of the Office Space Strategy is being carried out and will be reported to Council in September. This will consider the future needs of the organisation and provide an updated Business Case as well as recommendations.

**17. Aberdeenshire Council Governance Arrangements and Leadership<sup>198</sup>**  
**Good governance is fundamental to the way the Council operates and how it successfully delivers council services.**

A recent review of governance within the Council<sup>199</sup>, as determined by key staff members, found that, as an organisation, we have a good understanding of our governance and are able to identify our areas of strengths and weaknesses and recognise our ability for improvement but may lack the resource capacity for improvement. Further improvement relies upon strategically aligning services and improving communication within, and between services and with our communities. Weaknesses were identified within the practical application of governance in particular, surrounding the current budget setting process which many felt lacked transparency and alignment with priorities leading to services following budgets rather than needs within the community. Leadership was seen as a vital component to the effectual functioning of the council.

According to Audit Scotland<sup>200</sup>, good leadership is fundamental to good governance and in setting and delivering



priorities for communities. In a time of increasing pressure on services and finances, this becomes even more critical. To do things differently in substantive ways takes time and requires a clear vision and strong leadership to make it happen. Both political and managerial leaders need to have the strategic vision to make the difficult decisions this might involve. They also need to have the leadership skills to engage effectively with and provide support to staff, partners and communities to navigate change.

Anecdotal evidence suggests the regular 'Team Talks' held by the Chief Executive and members of the Senior Leadership Team during Lockdown – which focussed on staff wellbeing and future direction of the organisation – were examples of good leadership and communication during an unprecedented and extremely challenging time.

## Forward Look

### 18. Council's response to COVID-19<sup>201</sup>

Aberdeenshire Council's obligations as a Local Authority with regard to planning for, responding to and recovering from emergencies are covered by the Civil Contingencies Act 2004 and associated Regulations. This legislation places responsibilities on key responder agencies to ensure coordinated, coherent responses to emergencies in Scotland.

a formal structure supported the required multiagency coordination during this time. the Grampian Assistance is a Grampian-wide Local Resilience Partnership initiative established with a high degree of input from officers of Aberdeenshire Council so as to provide a virtual focal point of information and assistance for those affected by COVID-19. The Grampian COVID-19 Assistance Hub ensured that residents of Grampian had continued access to critical support such as food and prescription delivery and were able to access accurate information about COVID-19 and Aberdeenshire Council services. The range of services available were delivered by over 4,000 volunteers

who had registered in the Grampian area and were coordinated by the Category 1 and 2 responders across the Grampian Local Resilience Partnership. This ensured a seamless multi-agency approach to support people of Grampian whilst ensuring consistency of information.

As category 1 responders, the Council activated emergency response mode, using these structures, in line with the national public health strategy and existing plans for dealing with pandemics. Those more generic pandemic plans were adapted to the specific requirements relevant to COVID-19. This involved an immediate reprioritisation of staff and activity. The Workforce, Staff Mobilisation & Facilities Workstream was set up to assist with this cross-service work. Services in collaboration redeployed and re-tasked staff in a cross-service manner, so that the effort could all be focused on the emergency response. This involved closing a range of facilities and buildings in line with the national public health strategy, but where possible and appropriate accessibility to services has been sustained through digital, remote, online and homeworking solutions.

It is also important to recognise the response of councillors in being agile in supporting the emergency effort, particularly with regards to holding Committee and other meetings virtually in order for business to continue to be conducted as inclusively as possible. These were ably supported by Committee Services and Governance and Area Teams where appropriate. Aberdeenshire Council is recognised as being at the cutting edge of continued democratic input during the pandemic and has been a source of "best practice" advice for other Councils and organisations such as COSLA.

### 19. Financial Pressures

The demands on services to deliver more to meet community need is magnified by other pressures on budgets. The COVID-19 pandemic will bring further demands on local government services and budgets. Scottish Government funding is the main



source of funding for local government. The level of this funding in the medium-term is uncertain. The flexibility in how funding is used is reducing. This affects which, and how much different services need to find savings. The workforce is local government’s most important resource, but staff costs are increasing, adding further pressure.

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>202</sup>.

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.

## 20. Demographic Changes

The demographics of Aberdeenshire continue to show a general rise in population with a specific increase in age profile of the population. Aberdeenshire is among 11 Local Authority areas in Scotland to have projected above average increases (average increase is 70.6%) in the older adult (75 years and over) population, in addition to reduced working age populations, and falling numbers of children.

**Providing care** for a rising ageing population where people live with multiple conditions will inevitably result in **rising demand for services** without the immediacy of corresponding increases in grant.

## 21. 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>203</sup>. In Aberdeenshire, this could be upwards of £6 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>204</sup>.

## 22. 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 or charges are raised it is possible public satisfaction with services would decline if the service delivered is not perceived to improve in line with higher charges. 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 could lead to councils generating additional income from a range of activities.

## 23. 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>205</sup>.

Latest Aberdeenshire Council data provides that 41% of the workforce is over 50 years of age, and 14% over the age of 60<sup>206</sup>. In both cases, the proportion is lower than at the time of the previous Strategic Assessment (2017/18). Approximately 15% of the workforce is under the age of 30.

**The Council will need to consider if and how to replace these experienced workers over the next decade or so.**

This will likely be considered under the auspices of the workforce strategy – “Our Future Workforce”.

**24. 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>207</sup>.

**25. Community Empowerment and Participatory Budgeting**

Audit Scotland<sup>208</sup> have noted that Councils need to more fully embrace community empowerment as an integral part of changing the way they do things. It should not be seen as an add-on or separate to other work, but part of a new way of working. They need to engage with communities and involve the public in making decisions about the services councils provide, and the places people live in. This is crucial to councils making

effective and sustainable changes to the ways they operate.

Community empowerment is relevant to all departments, roles and levels. It should not be seen as only relevant to staff who work directly with communities. All services should be involving communities more in decisions about public services. There needs to be clear leadership to embed this approach across organisations and to empower staff to carry out the activities and behaviours required to do this. It will mean more co-production of services, which will require trust between communities and public bodies and time to build up relationships. Ultimately, community empowerment should reduce inequalities and improve the wellbeing of communities, particularly those suffering from persistent inequality.

The Scottish Government has commissioned an evaluation of participatory budgeting and community asset transfer, which was due to report in April 2020. In November 2019, the Scottish Parliament’s Local Government and Communities Committee began a consultation on how best to achieve community wellbeing, which includes considering the effectiveness of community engagement arrangements and organisations working together in communities. This focus emphasises the importance of community empowerment and engagement. The Committee is considering the findings of its consultation as part of its current work programme, pending any changes in its programme required as a result of the COVID-19 pandemic.

**26. 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.

**27. Aberdeenshire Council COVID-19 Recovery Reference Group**

A need was identified for a formal governance structure with Elected Member involvement to provide strategic oversight of the Council’s transition from the response phase of COVID-19 – known as the COVID-19 Recovery Reference Group.

The Reference Group will provide regular updates to Full Council and will have the ability to make comments, observations and recommendations to both the Council and its Committees where appropriate.

**28. Office Re-Opening Strategy**

A multi-service team are engaged in planning the Office Re-Opening Strategy. It was noted during the initial phase of the process that staff should be made aware that the office environment will not operate as it used to. Offices will have strict health and safety measures in place with teams unlikely to be working in the same space at the same time and meeting by Skype/Team Space will continue to be the default position. Guidance on the office

environment will be made available to those accessing offices.

The Workforce Re-integration Group has been set up with the aim of building upon the great work taking place within services and address any corporate workforce issues that have arisen over the last few weeks or may arise in the months to come – so the focus will be on a range of themes such as Health & Safety, Employee Well-being, ongoing staff mobilisation and redeployment, reskilling, alternative working arrangements as well as terms and conditions.

**29. Re-imagining the office and working life after COVID-19**

There are relatively few UK studies that envisage a post-COVID-19 working life. However, a picture is beginning to emerge from studies conducted in the USA.

According to recent McKinsey research<sup>209</sup>, 80% of people questioned report that they enjoy working from home; 41% say that they are more productive than they had been before; and 28% that they are just as productive. Many employees liberated from long commutes and travel have found more productive ways to spend that time, enjoyed greater flexibility in balancing their personal and professional lives, and decided that they prefer to work from home rather than the office. Many organisations think they can access new pools of talent with fewer locational constraints, adopt innovative processes to boost productivity, create an even stronger culture, and significantly reduce costs associated with physical office spaces.

These sorts of studies could inform Aberdeenshire Council’s approach. A specific organisational perspective would provide further intelligence to an issue that is likely to garner greater prominence in future years as digital technologies improve and workers seek an optimal work-life balance. The global COVID-19 pandemic, which effected remote working *en masse*, hastened the discussion and the process with regards to that way of working.



Remote working is not without its challenges, however. According to a major longitudinal study on remote working<sup>210</sup>, three struggles tended to emerge for remote workers:

- Communication;
- Collaboration; and
- Loneliness.

Authors of the study stressed that while loneliness is consistently selected as a top struggle for remote workers, the feeling of being lonely is also an accurate reflection of a larger-scale societal struggle with loneliness. In the UK, for example, almost one-fifth of the population has reported that they are “always or often lonely”<sup>211</sup>. Other studies have found that mental health affects the productivity of a majority of workers<sup>212</sup>.

Therefore, mental health resources will need to be at the forefront of the Council’s efforts if it hopes to empower the workforce for remote work success.

Organisations that lead on the post-COVID-19 environment will boldly question long-held assumptions about how work should be done and the role of the office. There is no one-size-fits-all solution. The answer, different for every organisation, will be based on what talent is needed, which roles are most important, how much collaboration is necessary for Best Value / excellence, and where offices are located today, among other factors. Even within an organisation, the answer could look different across geographies, businesses, and functions, so the exercise of determining what will be needed in the future must be a collective endeavour across facilities, human resources, ICT, the Senior Leadership Team, and the workforce generally.

The Council recognises that many colleagues cannot work from home and are delivering essential frontline services. However, we are in a fortunate position in so far as, over the past few years, a great deal of time and effort has been invested in developing a flexible working policy,

new ICT capabilities have been rolled out and employees have undergone training in how to use them. This is making it easier for us to maintain business continuity and resilience while many of our employees work from alternative locations.

A possible benefit of this situation is that we may develop a better appreciation of how flexible working can continue to be implemented well in future.

The Council can also use this moment to break from the inertia of the past by dispensing with sub-optimal old habits and systems. A more permanent switch to remote working, or some hybrid between office and home working, will doubtless be a significant undertaking. Regardless of the eventual form that our working lives take, permanent change will require exceptional change-management skills and constant pivots based on how well the effort is working over a prolonged period of time.

That kind of change will require transformational thinking grounded in facts. Ultimately, the aim of this reinvention will be to fulfil the vision of the Council’s “Our Future Workforce” strategy, with staff wellbeing and productivity likely to feature among the prime considerations.

### 30. **Property Assets Management**

The Council continues to reduce its reliance on operational properties assets. This is evidenced by a reduction in assets, from 850 in 2020 to 649 currently, with approved strategies that will result in a further reduction to 600. This follows from the implementation of service strategies linking into asset management and capital plan requirements.

Given the budgetary challenges – and a recognition that property costs incur the highest organisational costs after employee costs – asset management will continue to be an area of focus.

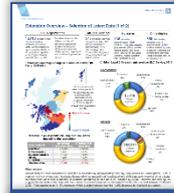


# Statistical Overviews – Selection of Latest Data

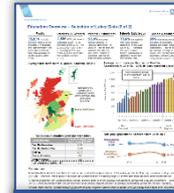


## Our People

### Education



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### Health & Wellbeing



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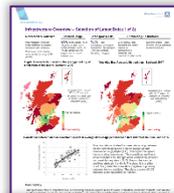


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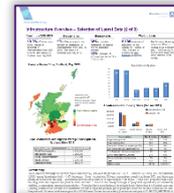


## Our Environment

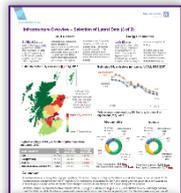
### Infrastructure



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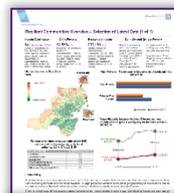


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### Resilient Communities

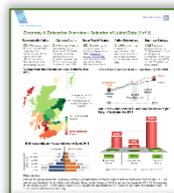


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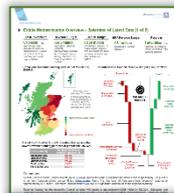
## Our Economy

### Economy & Enterprise



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### Estate Modernisation



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## Education Overview – Selection of Latest Data (1 of 2)

### ELC Registrations

**13,410** children were registered with all childcare services in 2018, which equates to approximately 76.3% of the population aged 0-5 years (higher than the national rate – 75.1%).

Aberdeenshire has the highest number of playgroup-registered children in Scotland (870), and a relatively high proportion registered with childminding services (17%).

### Total ELC Services

**573** childcare services registered in total. Per service breakdown: approximately 61% childminding; 24% Nursery; 6% Playgroup; 7% out-of-school care; and 2% 'other'.

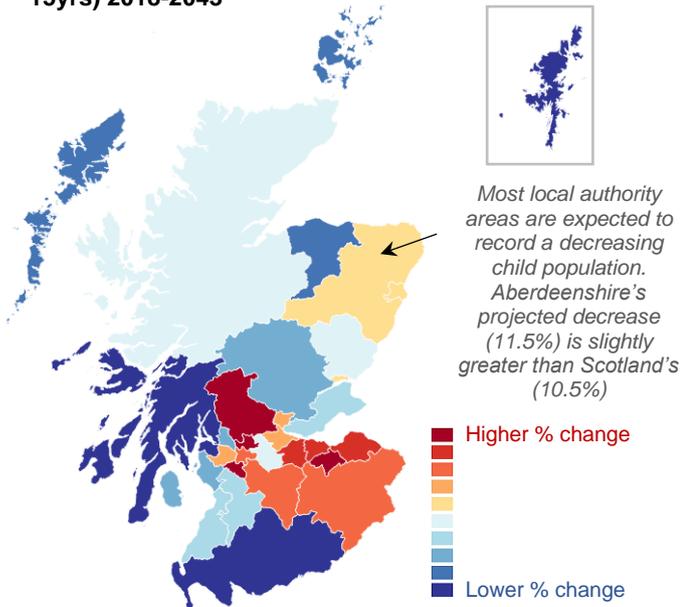
### Nurseries

**138** nurseries accommodate **7000+** children. The vast majority of nurseries (96%) provide funded places, and most (67%) are run by the Local Authority, which is higher than Scotland (61%).

### Childminding

**350** childminding services in 2018 accommodate **2,300+** children (which equates to almost 7 children per childminding service). These services tend to be privately run.

### Estimated percentage change in number of children (0-15yrs) 2018-2043

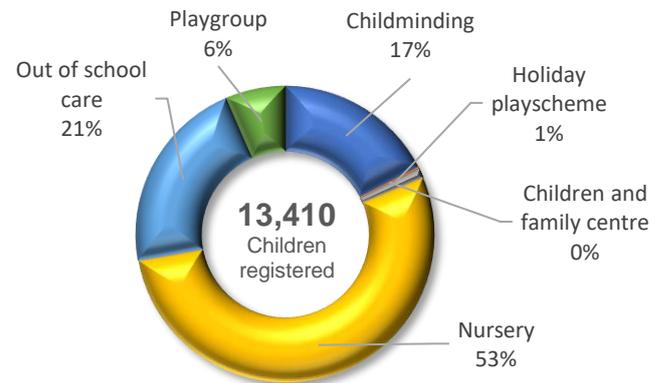


### Increase in child population – top 5 council areas (including Aberdeenshire)

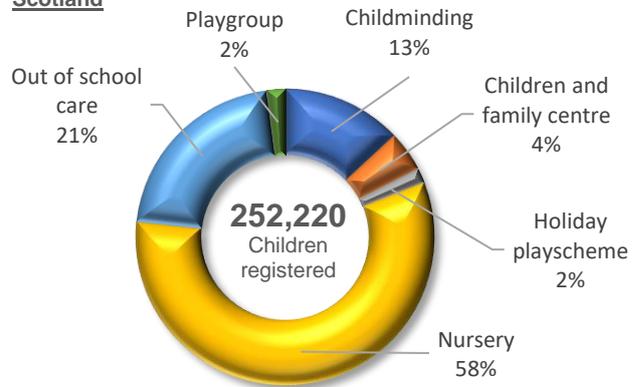
Local Authority	Net change 2018-2043 (est.)	% change 2018-2043 (est.)
Midlothian	+ 3,579	+ 20.3%
E. Renfrewshire	+ 912	+ 4.7%
E. Dunbartonshire	+ 792	+ 4.1%
Stirling	+ 210	+ 1.4%
E. Lothian	- 213	- 1.1%
<b>Aberdeenshire</b>	<b>- 5,649</b>	<b>- 11.5%</b>

### Children (aged 0-4 years) registered per ELC Service, 2018

#### Aberdeenshire



#### Scotland



### Commentary

Aberdeenshire's child population is expected to decrease by approximately 5,649 by 2043 (based on 2018 figures). This is contrary to the previous set of projected figures which suggested that Aberdeenshire's child population would grow at a faster rate than most other local authorities in Scotland (amounting to an extra 6,947 children by 2039). However, the new figures suggest the opposite is the case with the number of children projected to decrease from 49,033 to 43,384 between 2018 and 2043. That equates to an 11.5% decrease, which is slightly greater than the 10.5% decrease for Scotland as a whole.

The total population of Aberdeenshire is expected to increase over the next couple of decades (peaking at approximately 268,500 in 2032/33) but children will comprise a lesser proportion of the whole. Children as a proportion of the total population will decrease from 18.8% to 16.2% between 2018 and 2043. Similarly, the working age population will experience a decrease over the same period and will likewise comprise a lesser proportion of the total population. Conversely, those aged 65+ will increase by 42%, from 49,799 in 2018 to 71,128 in 2043 – an increase of over 21,000 people. Whereas the ratio of older people to children was approximately 1:1 in 2018, it will increase to around 1.6:1 by 2043.

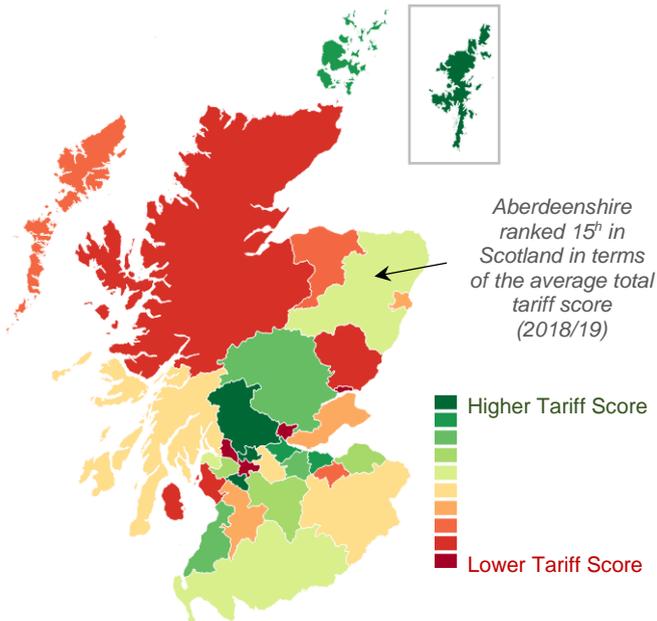
As at 31 December 2018, of all the ELC services on offer, nurseries accounted for the greatest proportion of registrations, both in Aberdeenshire and Scotland. A lesser proportion of Aberdeenshire's children were registered with a nursery relative to Scotland as a whole (53% versus 58%). Aberdeenshire's proportion was higher than the national rate in 2016. The fact that there are approximately 25 fewer nurseries in Aberdeenshire in 2018 relative to 2016 may have affected this outcome. Childminders account for a greater proportion of registered children in Aberdeenshire relative to the rest of Scotland (17% versus 13%), and a higher proportion of the playgroup sector (6% versus 2%). Aberdeenshire had the greatest number of playgroup-registered children in Scotland as at 31 December 2018.



## Education Overview – Selection of Latest Data (2 of 2)

Pupils	Teachers (All Sectors)	Positive Destinations	Schools Satisfaction	School Condition
<b>35,834</b> - a 1.1% increase relative to the previous 3-yr average, and approximately 700 more pupils than the long-term average of 35,155 pupils (2001-2018).	<b>2,696</b> (FTE, all sectors excluding ELC) - a 4% increase since 2013. The pupil-teacher ratio is 13.3 – unchanged from two years ago and lower than the Scottish average (13.6).	<b>96.4%</b> of school leavers attained a 'positive destination' in 2018/19 - higher than the national rate (92.9%), one of the highest in Scotland, and higher than the local average	<b>75.6%</b> are satisfied with local schools, according to the LGBF (2016-19). Although the trend is down locally, satisfaction is generally higher than the national rate.	<b>99%</b> of primary schools and <b>88%</b> of secondary schools are either 'good' or 'satisfactory' – higher than the national average in both cases. One primary and two secondary schools were categorised as 'poor' (2019)

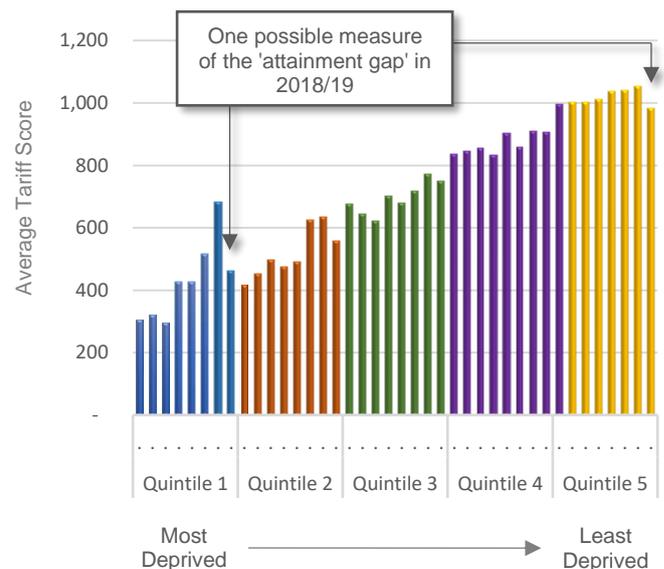
Average total tariff score, all pupils, Scotland, 2018/19



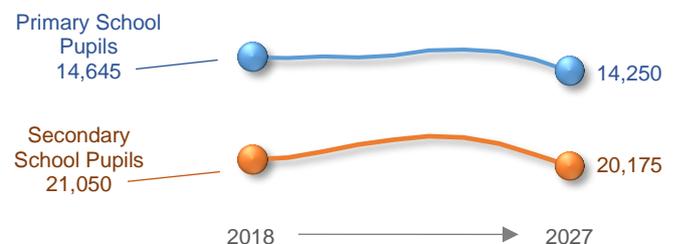
Top 5 Local Authorities (and Aberdeenshire)

Local Authority	Overall Average Total Tariff Score (2018/19)
East Renfrewshire	1,354
East Dunbartonshire	1,242
Stirling	1,010
Shetland Islands	991
Orkney Islands	957
Aberdeenshire (ranked 15 <sup>th</sup> )	873

Average Tariff Score per Deprivation Quintile, Aberdeenshire, 2011/12 – 2018/19 (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 (S4-S6). 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 2018/19 was no different (96.4% of Aberdeenshire school leavers entered a positive destination *versus* 95.1% 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 decrease over the next few years after peaking in 2023. Currently, there are 10 schools within Aberdeenshire that at or above 95% capacity. This number is projected to increase to 23 by 2027. Six secondary schools are expected to attain or exceed 100% capacity by 2027. This group includes (2027 capacity in brackets): Kemnay Academy (148%); Inverurie Academy (115%); Meldrum Academy (109%); Portlethen Academy (103%); and Banchory Academy (100%).

Although Aberdeenshire generally scores well in relation to school conditions on a national basis, the area scores less well in relation to secondary school suitability (e.g. performance & operation). The reverse is true of primary school suitability. Both criteria (condition and suitability) are assessed by each respective local authority.



# Health and Wellbeing Overview – Selection of Latest Data (1 of 2)

## 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 is rising slightly after a drop in 2015.

## Obesity

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

## Sporting Participation

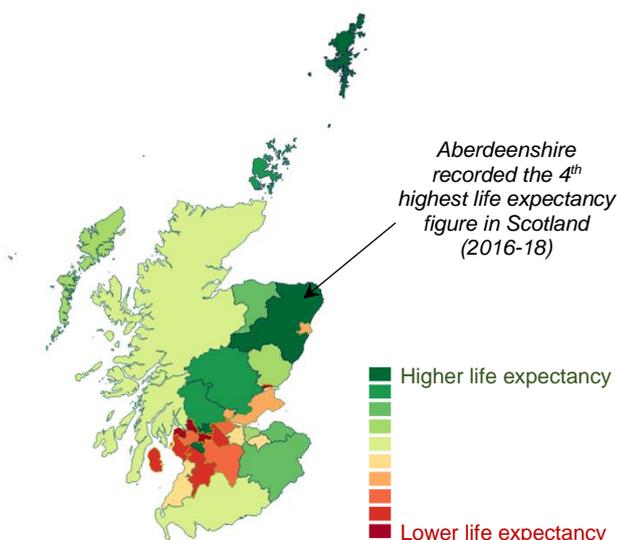
**66%** met the guidelines for moderate or vigorous physical activity (MVPA). This means they do at least 150 mins of moderate & 75 mins of vigorous physical activity. 2018

## 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. A Grampian-wide Strategic Framework for Mental Health and Learning Disability Services 2020-2025 is now available.

### Life expectancy at birth, Scotland, 2016-18



### Local Authorities with highest life expectancy in Scotland, 2016-18

Local Authority	Life Expectancy at Birth
East Renfrewshire	82.1
East Dunbartonshire	81.9
Orkney Islands	80.6
Perth & Kinross	81.0
<b>Aberdeenshire</b>	<b>81.9</b>
Glasgow City (ranked 32 <sup>nd</sup> )	76.0

### Selection of Scottish Health Survey Statistics 2018 Statistics

Of those who had not participated in any physical activity in the last month, the main barriers were:

- 30% - difficulty finding time
- 30% health not good enough
- 17% lack of interest
- In 2018, 4% of adults reported having chronic pulmonary disease (COPD), continuing the stable level since 2008.
- COPD was four times higher among adults living in the most deprived areas (8%) compared with those living in the least deprived areas (2%).
- Prevalence of self-reported asthma diagnoses among adults increased from 13% in 2003 to 16% in 2012 and has remained stable since (17% in 2018).

### 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. Following the launch of the Grampian-wide Strategic Framework for Mental Health and Learning Disability (MHL) 2020-2025, AHSCP plans to refresh its Mental Health and Learning Disability Strategy for community-based services in 2022. The new strategy focuses on more integration and collaboration to provide a fit for purpose model of care.

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.

**Live Life Aberdeenshire** - created to deliver the health and wellbeing priority provides an opportunity to deliver the service in a different way



# Health and Wellbeing Overview – Selection of Latest Data (2 of 2)

## Access

### 12+ million

journeys are made to appointments in the Grampian region comprising over 100 million km of travel. Nevertheless, transport can be a barrier to

accessing services, particularly for people living in rural areas. Health & Social Care are working to remove barriers to accessing services.

## 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.

5,128 people in Aberdeenshire supported by responder service enabling them to stay at home (2018-2019).

## Leading Cause of Death:

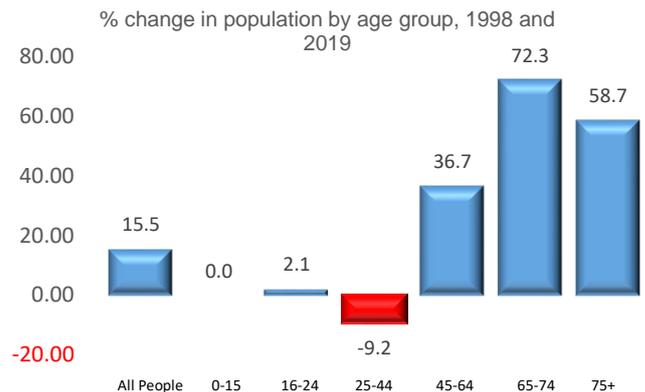
In Aberdeenshire the top three causes of death for females are:

- Dementia and Alzheimer's disease 14.6%
- Ischaemic heart diseases 11.5%
- Coronary heart disease 6.8%

In Aberdeenshire the top three causes of death for males are:

- Ischaemic heart diseases 13.6%
- Coronary heart disease 7.5%
- Lung cancer 6.7%

## Demographics



## Life Expectancy:

Average female life expectancy is 82.9 years (2016-2018 3yr. aggregate)

Average male life expectancy is 79.23 years (2016-2018 3yr. aggregate)

In Aberdeenshire, life expectancy at birth is higher than at Scotland level for both female and males.

Similarly, life expectancy at age 65-69 is higher than at Scotland level for both females and males.

- 27% of adults in Aberdeenshire have a life limiting condition (2013-2016)
- 41% of people in Aberdeenshire are overweight or obese (2013-2016)
- 3 in 10 men and 4 in 10 women in Aberdeenshire do not meet the recommended daily activity levels (2014-2017)
- Expected 42% increase in pensionable aged people (64+) by 2040
- 2,697 births in Aberdeenshire 2018 (2,659, up 1.4% 2017)
- Increase of 957 households (2019)
- 8% of population aged over 75 years (2018)
- 6% increase predicted in number of people with a learning disability
- Living with more than one health condition is becoming more common and at younger ages – particularly among poorer citizens.

## Commentary

Until recently accessing Health and Social Care provision meant having 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 though THInC – part funded by Aberdeenshire Council. As AHSCP looks to transform services through technology, other options have become available. NHS Grampian Near Me is a confidential and secure service which is being used to allow patients to attend a pre-arranged appointment using a video call rather than attending in person. This is one example of how 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 need 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 them and the expected returns on investment will not materialise. Investment in digital infrastructure will need involvement from Aberdeenshire and others in order to progress improvements in the infrastructure.

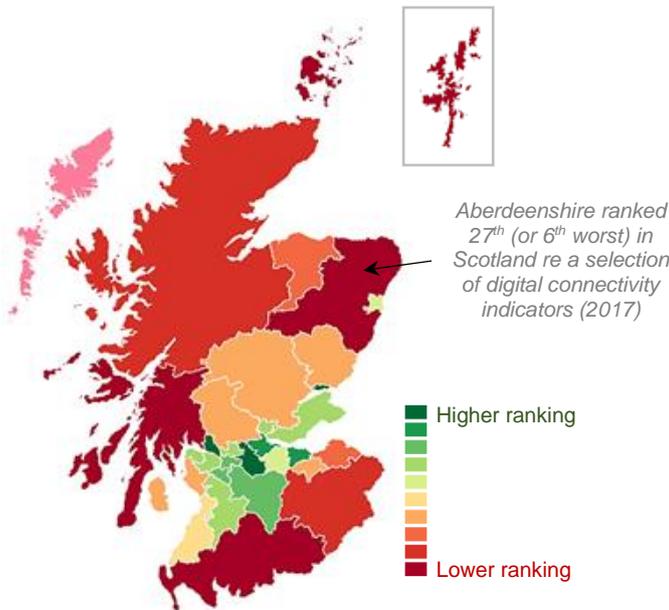
In order to enable more people to stay at home there has to be a sufficient supply of suitable housing. The Health and Social Care partnership is involved with the Housing Service at a strategic level to plan for provision of accommodation for people to be able to stay at home. This approach is clearly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



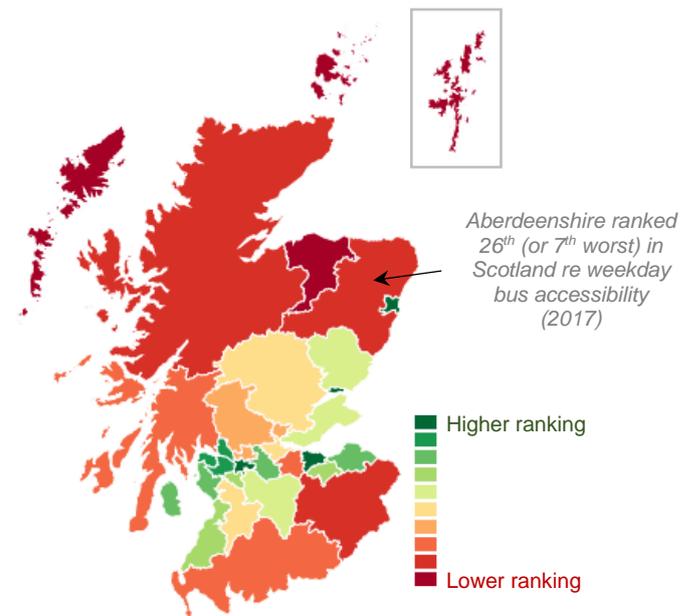
# Infrastructure Overview – Selection of Latest Data (1 of 3)

Connected & Cohesive	Internet Usage	Transport Costs	Commuting Destinations
Poor transport links can make it difficult to access resources and markets. Connected and cohesive communities is a key LOIP priority.	<b>95%</b> of UK adults 16 to 74 years in 2018 were recent internet users. 65-74 age group saw the largest rise in recent internet use.	<b>15%</b> - Total expenditure of Scottish households on transport – the top Scottish Spending category.	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.

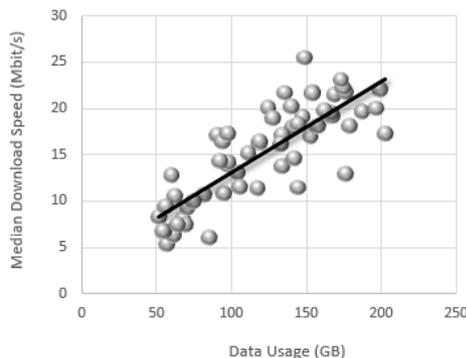
## 'Digital Connectivity' based on the average ranking of a selection of indicators, Scotland, 2017



## 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. A lack of universal and affordable access to the internet may widen inequality between countries. Covid-19 has shown that access to the internet has been crucial to enabling companies to stay working online.

Government services are becoming 'Digital by Default' e.g. applications for Universal Credit. 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 – and complain about it.



## Infrastructure Overview – Selection of Latest Data (2 of 3)

### Dwellings 2009-2019

**10.3%** - The increase in the number of dwellings in Aberdeenshire from 2009 to 2019. The change in Scotland was only 6.5%.

### Households

**9%** - The increase in the number of households in Aberdeenshire from 2009 to 2019. The change in Scotland was only 6.1%.

### Households

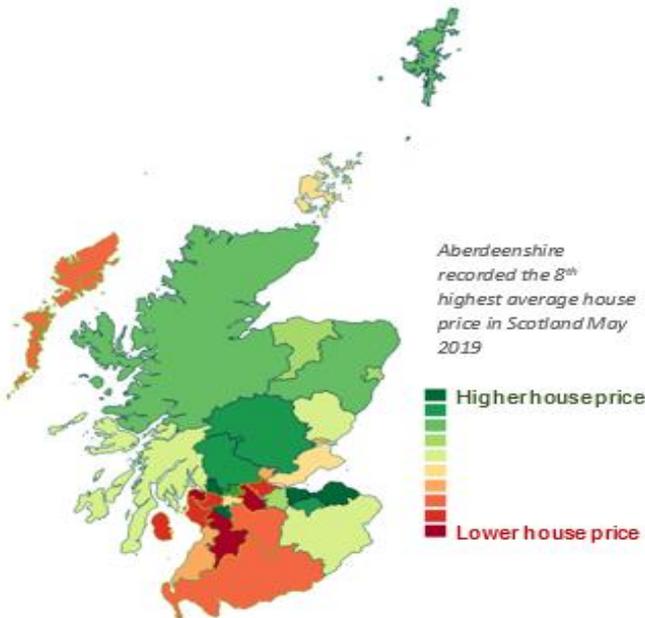
**38%** - growth in households of couples with no dependent children.  
**43%** - increase of single person households (Census 2011)

### Waiting Lists

**6,108** – number of applicants on the waiting list – a drop of 16%. Demand is greatest for one-bedroom properties.

The Strategic Housing Investment Plans is helping to cut the waiting lists. The Fairer Duty Scotland will potentially assist delivery of the homes.

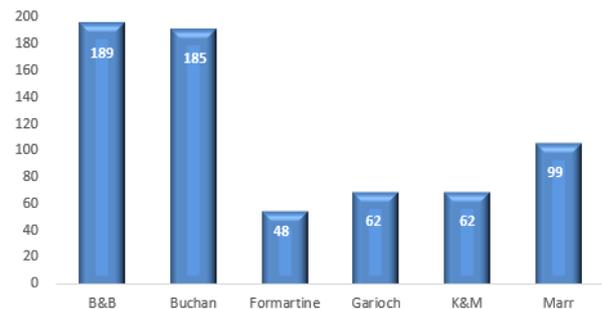
### Average House Price, Scotland, May 2019



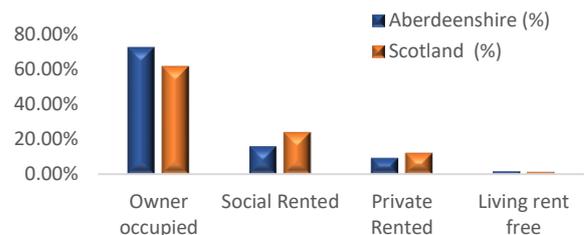
### Local Authorities with highest average house price in Scotland (May 2019)

Local Authority	Average House Price
East Renfrewshire	£ 231,164
Edinburgh City	£ 268,091
East Dunbartonshire	£ 218,881
East Lothian	£ 227,136
Aberdeenshire	£ 185,477

### Empty Homes By Area



### Aberdeenshire's Housing Stock (Census 2011)



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-dependant	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. Between 2017 and 2019 an additional 1,833 houses have been built – 1.6% increase. Over the previous 25 years population growth had been 25% and there was plenty of demand for housing – particularly new housing such as is happening in Peterhead. It has been projected that 1,000 housing units are required per year to meet demand. There is not always enough employment opportunity or community facilities to support an increase in population. 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 2019 it was 7 times annual salary (median annual pay in 2019, £30,040 NOMIS). Aberdeenshire was in the top three local authorities for house building particularly in areas that bordered Aberdeen City. However, the fall in oil price from 2014, the Covid-19 pandemic and the resulting uncertainty within the local economy is inevitably having an impact on the housing market in Aberdeenshire. It is too early to say how well it will recover.

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. Similarly, for residents – living anywhere in Aberdeenshire should not be a bar to working from home. 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 such as one and two bedroomed bungalows.

The Energy Efficient Scotland Programme should provide households with warmer homes and lower energy bills.



## Infrastructure Overview – Selection of Latest Data (3 of 3)

### CO<sub>2</sub> Emissions

**1,488 kt** of CO<sub>2</sub> was emitted as a result of activities within Aberdeenshire in 2017 – the 7<sup>th</sup> highest figure in Scotland – which equates to 5.7 t per 1,000 population.

Although CO<sub>2</sub> emissions have reduced in Aberdeenshire by 38% per capita since 2005, and latest data show we're at a 12-year low, it is still a higher rate than Scotland as a whole (7% higher).

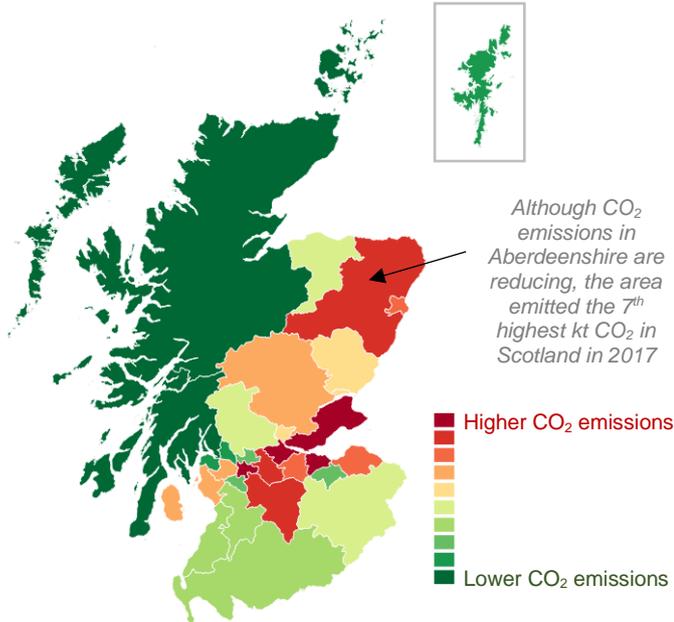
Aberdeenshire Council is targeting a total carbon budget of **52,145 tonnes CO<sub>2e</sub>** for 2020/21. The carbon budget is set in February each year at the same time as the financial budget.

### Energy Consumption

**565 kt** of oil equivalent – that is the total energy consumed in Aberdeenshire in 2017. This is the 8<sup>th</sup> highest figure in Scotland and equates to 4.4% of the country's

total consumption of energy. It is also true to say that the 2017 figure is a continuation of a medium-term uptrend that began in 2012.

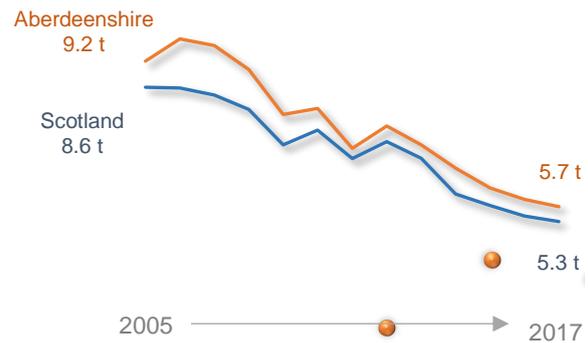
Estimated total CO<sub>2</sub> emissions (kt CO<sub>2</sub>), 2017



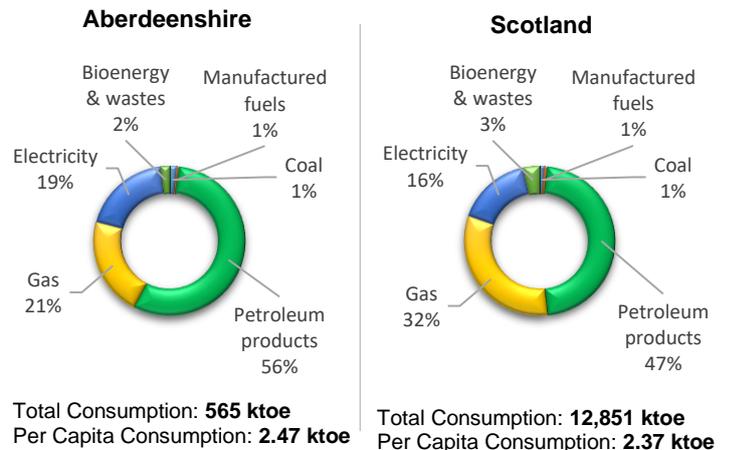
Highest emitters of CO<sub>2</sub> in Scotland (Aberdeenshire included), 2017

Local Authority	CO <sub>2</sub> (kt)	% change since 2005	% change since 2014
Fife	2,911	- 29.8%	+ 3.7%
Glasgow City	2,619	- 36.4%	- 3.6%
Falkirk	2,386	- 34.3%	+ 5.6%
<b>Aberdeenshire (ranked 7<sup>th</sup>)</b>	<b>1,488</b>	<b>- 23.4%</b>	<b>- 3.2%</b>

Estimated CO<sub>2</sub> emissions per capita, (t CO<sub>2</sub>), 2005-2017



Total energy consumption, All Sectors, tonnes of oil equivalent (toe), 2017



### 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 7<sup>th</sup> highest CO<sub>2</sub> emissions in Scotland in 2017 (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 2,193 kt in 2005 to 1,488 kt in 2017 – a reduction of 32%. Although positive, most Scottish Local Authorities experienced greater reductions over the same period, with Scotland experiencing an overall reduction of 34%. Per capita emissions in Aberdeenshire have also reduced despite an increase in total population.

Aberdeenshire Council has utilised a Carbon Budget process since 2017/18 as a method to plan and manage emission reduction across the organisation. The current target is a 44% reduction in carbon emissions by 2025. Aberdeenshire Council is now in a position to consider an ambitious change in practice, and if this was to be achieved, to consider amending the current emission reduction target to 75% by 2030 and Net Zero by 2045 in line with the new Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

If a new target of 75% by 2030 is to be realised, as per the proposed Climate Change Declaration then the required linear reduction would set a Carbon Budget of 52,145 tCO<sub>2e</sub> for 2020/21.

To further advance the Carbon Budget process, the 2020/21 budget will continue to consider options for capturing information on new significant developments e.g. new school builds, that may require to be offset against intended savings. Significant new developments will be required to be measured and reviewed. In addition to this, risks, budget pressures and part year savings will continue to be examined



## Resilient Communities Overview – Selection of Latest Data (1 of 1)

### Income Deprivation

**14** – the number of Data Zones in Aberdeenshire that fall within the 20% most deprived nationally (SIMD 2020). 23% of households in Aberdeenshire earn £0-20k, rising to as high as 55% in some Data Zones.

### Child Poverty

**12.59%** - the proportion of children in poverty in Aberdeenshire. This is the 9<sup>th</sup> lowest rate in the UK after housing costs. Within the authority levels range from 4.71% to 20.89%.

### Household Income

**£37,191** – the median income of Aberdeenshire households (2019). This is the 4<sup>th</sup> highest figure in Scotland. Median income per settlement ranges from £21,513 to £52,418.

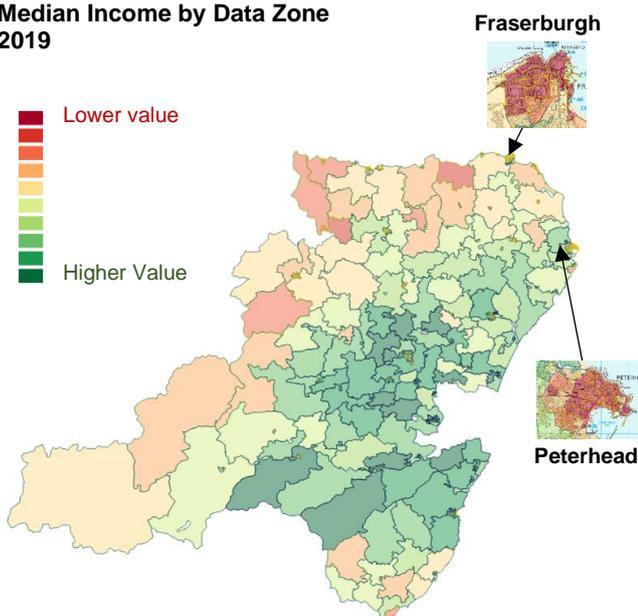
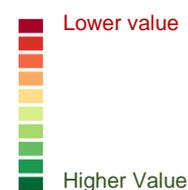
### Ethnicity and Gender Poverty

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

is higher than that of working age men (30% and 26% respectively).

Approximately 18% of single female pensioners and 11% of male pensioners were in poverty.

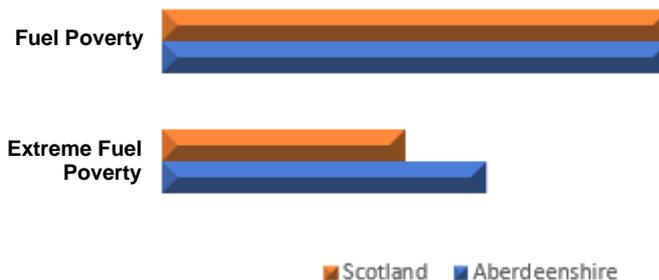
### Median Income by Data Zone 2019



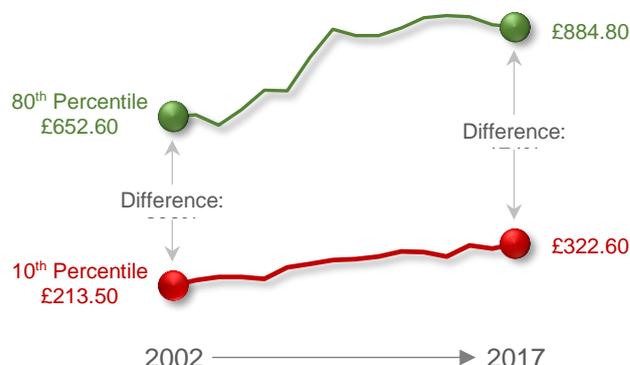
Percent of children in households below 60% median, before housing costs, by local authority, 2014/15 to 2018/19

Local Authority	% children in poverty
Shetland	9.3
Aberdeenshire	10.4
Eilean Siar	13.4
East Dunbartonshire	10.4
East Renfrewshire	10
Glasgow City (ranked 32 <sup>nd</sup> )	28

### Fuel Poverty - Percentage of households, Aberdeenshire, 2016-2018



### 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 'Tackling Child Poverty Action Plan 2018'.

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.



## Economy & Enterprise Overview – Selection of Latest Data (1 of 1)

### Economically Active

**82.7%** between April 2019 and March 2020 - higher than both Scotland's rate (77.1%) and the UK's rate (79.1%), as well as Aberdeenshire's long-term average (82.9%).

### Claimant Count

**3.8%** in June 2020 - a relatively high figure, likely a result of COVID-19 layoffs, which has affected all areas in Scotland. However, the Shire's rate is lower than the national rate (6.2%).

### Gross Weekly Wages

**£630** in 2019 - a 6% rise year-on-year and the highest figure since 2002. Wages in Scotland and the UK have also risen, albeit they remain below Aberdeenshire's level.

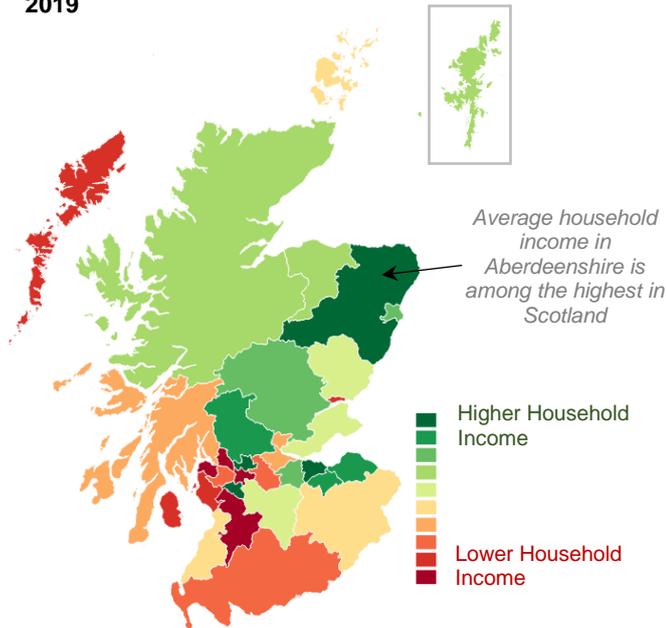
### Active Enterprises

**13,940** in 2019 - an increase of approximately 1,920 enterprises since 2010 but a slight decrease (1.4%) from the peak in 2016.

### Business Gateway

**23.94** business gateway start-ups per 10,000 population. Down on last year but considerably higher than the national rate (16.70) and the 3<sup>rd</sup> highest rate in the country.

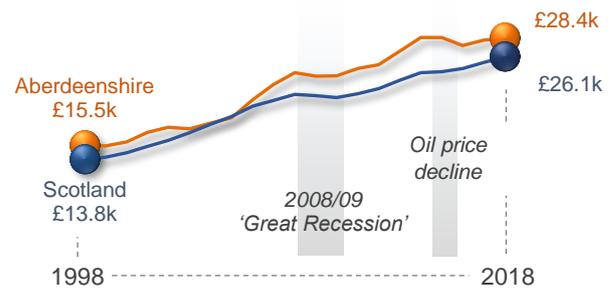
### Average Household Income per Local Authority Area, 2019



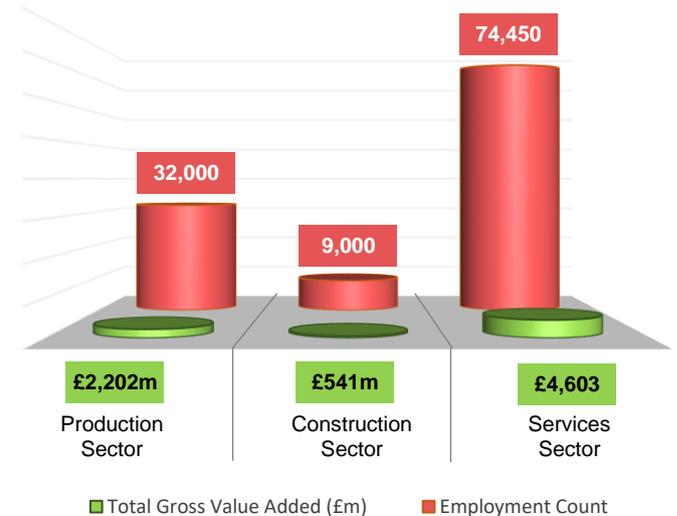
### % of households per Household Income Band, 2019

Household Income Band (£GBP)	Scotland	Aberdeenshire
100K+	4.0%	6.3%
80-100K	5.3%	7.6%
60-80K	8.7%	11.4%
40-60K	18.0%	20.9%
20-40K	31.5%	30.3%
0-20K	32.5%	23.5%

### Gross Value Added per Head of Population (£) 1998-2018



### Total Gross Value Added (£m) and Employment Count per Sector, Aberdeenshire, 2018



### Commentary

Prior to the global pandemic, economic activity in Aberdeenshire remained high relative to most other areas in the UK. The workforce is relatively highly skilled and well paid. Gross weekly wages of full-time workers increased by 6% in 2019 compared to the previous year<sup>9</sup>. Gross Value Added (GVA) equated to approximately £7.4 billion in 2018 (5% of Scotland's total – or 13% if combined with Aberdeen City).

That £7.4 billion figure places Aberdeenshire just outside the top 15% in the UK, ahead of places like Oxford and Cambridge and several local authority areas in the south east of England. (Aberdeen City itself is just outside the top 5% in the country.)

Aberdeenshire's GVA increased slightly relative to the previous year after a dip in 2016 and 2017 (largely due to the prolonged low price of oil).

If Aberdeenshire's GVA follows a similar path to that projected for national GDP, a 14% annual decline would equate to GVA of approximately £6.4 billion – a level not seen since 2012. This at a time of depressed oil prices, to which Aberdeenshire is particularly sensitive. Again, this is one of many consequences of the coronavirus pandemic

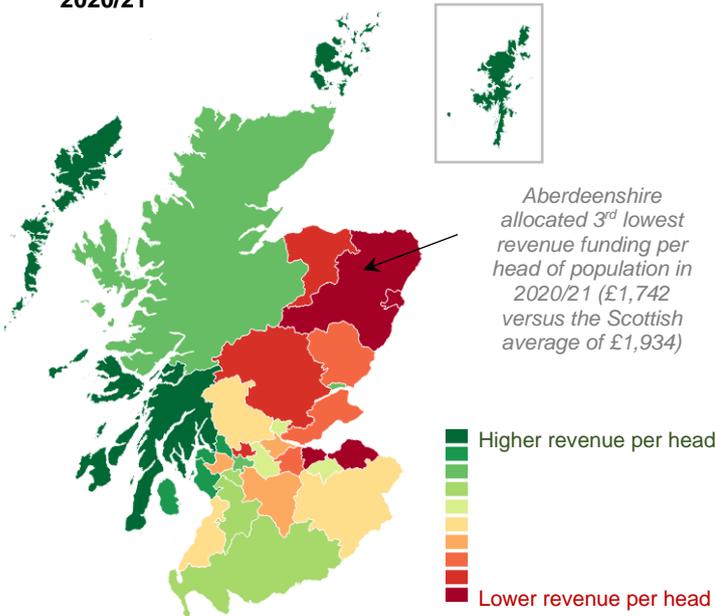
Arguably, the Services Sector is the most significant in Aberdeenshire as it accounts for nearly 75,000 workers and approximately £4.6 billion in terms of Gross Value Added.



## Estate Modernisation Overview – Selection of Latest Data (1 of 2)

Total Investment	Revenue Budget	Capital Budget	HRA Revenue Budget	Reserves
<b>£1 billion</b> – the approximate total investment made by Aberdeenshire Council per year in the local economy across all responsibilities.	<b>£605 million</b> expenditure planned (2020/21). Aberdeenshire records the 3 <sup>rd</sup> lowest revenue funding allocation per head of population in Scotland.	<b>£150 million</b> expenditure planned on major capital projects that will benefit the local economy and residents alike (relates to 2020/21).	<b>£61 million</b> expenditure planned (2020/21).	<b>£46 million</b> total reserves, of which £9 million is General Fund Working Balance

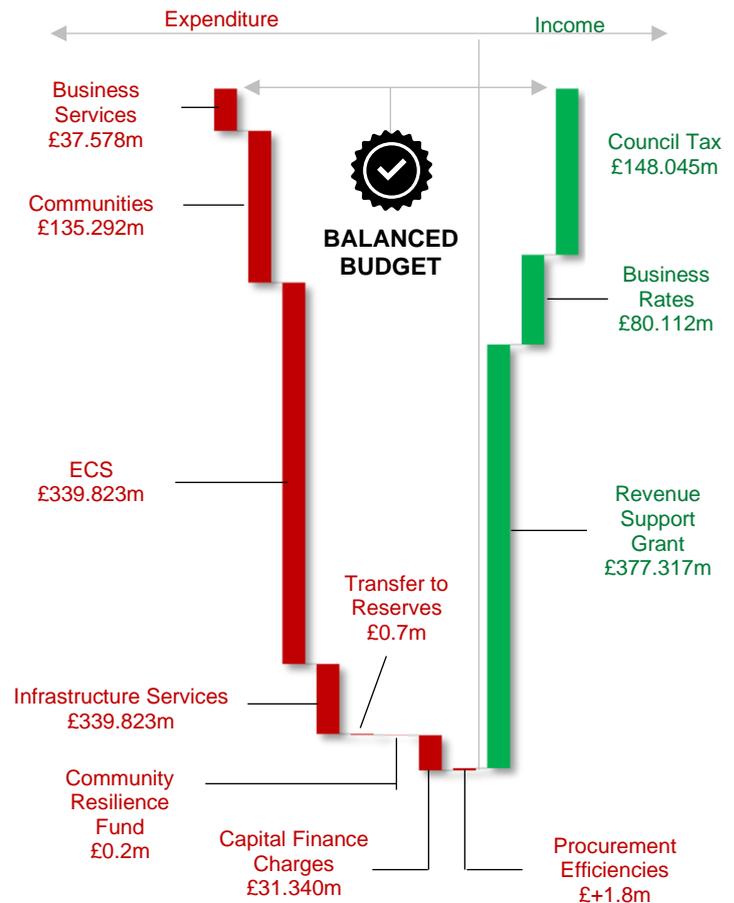
### Provisional Revenue Funding per Head of Population, 2020/21



### List of the 5 Scottish Local Authorities that receive the lowest revenue funding per head of population, 2020/21

Local Authority	Revenue Funding per Head of Population (£)
Edinburgh City	£1,527
Aberdeen City	£1,587
Aberdeenshire	£1,742
East Lothian	£1,771
Perth & Kinross	£1,773

### Aberdeenshire Council Revenue Budget (£ mil), 2020/21



### 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 £7.4 billion. Therefore, Aberdeenshire Council is a significant contributor to the regional economy.

Revenue funding for Aberdeenshire Council services will equate to approximately £605 million in 2020/21. 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 – but has increased since 2017/18. This does not include additional funding in response to the COVID-19 pandemic.

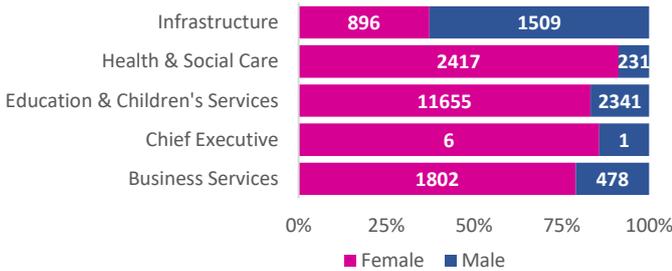
Aberdeenshire was allocated the 3<sup>rd</sup> lowest revenue funding per head of population in 2020/21. This is largely because the authority receives a relatively high proportion of its income from council tax receipts compared to other authorities in Scotland, which has an impact on the Total Revenue funding provided by the Scottish Government. Aberdeenshire Council has in the past canvassed the Scottish Government with a view to securing this extra funding allocation.



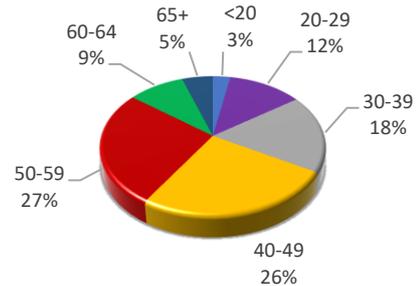
## Estate Modernisation Overview – Selection of Latest Data (2 of 2)

Total Headcount	Recruitment	ALDO Logins	Absences	Wage Bill
<b>16,174</b> or (10,213.6 FTE) as at Q4 2019/20. The longer-term trend is upwards, which is contrary to the national trend.	<b>1,056</b> adverts were placed in the 4 <sup>th</sup> Quarter of 2019/20. Over 6,000 applications were made - equates to 5.8 applications per ad.	<b>12,000+</b> different users tend to login to ALDO over any given quarter. This figure will vary depending on the availability / desirability of courses	<b>40,000+</b> total calendar days are typically lost per quarter. Of the 52,537 calendar days lost in Q4 2019/20, 58% were as a result of a long-term absence of 28 days or more.	<b>£105.77 million</b> – Q4 2019/20. This is just over £300k less than the previous quarterly figure. The total wage bill over the previous 4 quarters equates to £422.51m.

**Aberdeenshire Council gender split by Service (Q4, 2019/20)**



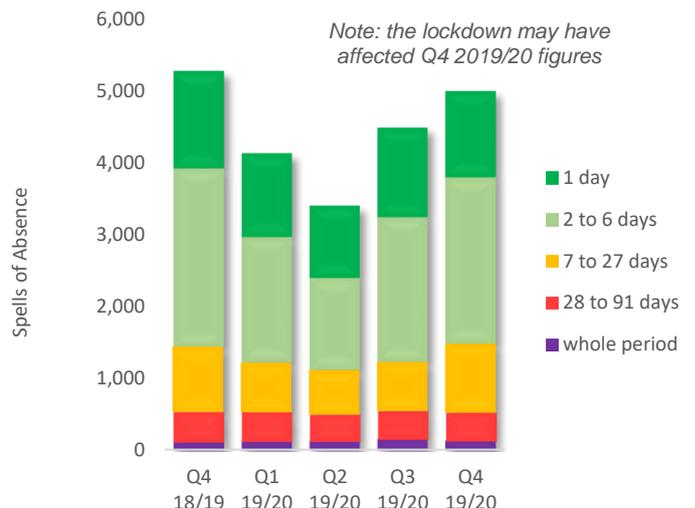
**Aberdeenshire Council workforce per age group (Q4, 2019/20)**



**Aberdeenshire Council headcount (& FTE) Mar 2016-20**



**Aberdeenshire Council quarterly absences by duration, Q3 2016/17 to Q3 2017/18**



### Commentary

Latest Management Information data (Q4 2019/20) provides that Aberdeenshire Council's total headcount is 16,174, which equates to 10,213.6 FTE). Headcount per Service:

- Chief Executive - **7** employees (6.5 FTE)
- Business Services - **1,729** employees (1,071.7 FTE)
- Infrastructure Services - **2,186** employees (1,941.7 FTE)
- Health and Social Care - **2,413** employees (1,582.8 FTE)
- Education & Children's Services - **10,184** employees (5,610.9 FTE)

Aberdeenshire was one of only two local authorities in Scotland to have increased its headcount between 2011 and 2017. (The other authority was South Ayrshire.) Latest internal figures show that both the headcount & the FTE figure have increased over the most recent few years (up to Q4 2019/20).

Despite the increase in headcount and staff costs the Council is still advertising a significant number of posts (over 1,000 adverts recorded in the 3-month period ending March 2020).

Calendar days lost due to absence tend to fluctuate quarter-to-quarter, with the 3<sup>rd</sup> and 4<sup>th</sup> Quarters accounting for a significant proportion. Top reasons for absence tend to relate to cold, flu and infections, and stress/mental health. The latter reason may feature more prominently on the back of COVID-19 and the enforced quarantine measures over recent times.



# Sources

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<sup>1</sup> Council Priorities Review 2020, Report To Full Council – 23 July 2020

<sup>2</sup> Housing and health inequalities NHS Health Scotland

<sup>3</sup> Internal Audit Reports, report to Audit Committee, Aberdeenshire Council, 31 January 2018

<sup>4</sup> Report to Sustainability Committee, Public Sector Climate Change Duties Reporting Submission 2016/17, Aberdeenshire Council, 08 November 2017.

<sup>5</sup> Infrastructure Services Plan 2017-2020, Aberdeenshire Council, February 2017

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