

10.00a.m., Thursday, 11 December 2014

## Lothian Pension Fund Resourcing Arrangement with Falkirk Council

Item number	8.5
Report number	
Executive/routine	
Wards	All

### Executive summary

The Investment & Pensions Division of the City of Edinburgh Council (the “Council”) (“Lothian Pension Fund”) has been in discussions with Falkirk Council (“Falkirk”) to agree an arrangement whereby the Council will second certain staff to Falkirk to assist it with discrete aspects of the administration of the Falkirk Pension Fund. This will allow the Council to share some of the costs associated with the administration of the Lothian Pension Fund in a manner that is consistent with the UK wide initiative for greater collaboration among local government pension funds.

The Pensions Committee has been kept up to date of the process on an ongoing basis and has approved the joint working arrangement as part of the 2014-17 service plan for the Lothian Pension Fund. The Committee Terms of Reference do, however, reserve to the Council decision making on matters which involve the Council co-operating with other Councils and so approval is sought from Council.

### Links

#### Coalition pledges

#### Council outcomes

CO26 –The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.

#### Single Outcome Agreement

## Lothian Pension Fund Resourcing Arrangement with Falkirk Council

### Recommendations

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- 1.1 The Council is asked to:-
  - 1.1.1 approve the part time secondment of certain staff to Falkirk Council to assist it with discrete aspects of the administration of the Falkirk Pension Fund in line with the agreed 2014/15 service plan for the Lothian Pension Fund; and
  - 1.1.2 note that the Pensions Committee will continue to oversee all material matters arising from its implementation.

### Background

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- 2.1 Over recent years, the Lothian Pension Fund has developed its in-house investment team in order to generate significant cost savings for the benefit of the pension funds that the Council administers.
- 2.2 There is overlap between the Council and Falkirk in relation to some of the work and operations required to administer the investments of their respective pension funds. Lothian Pension Fund and Falkirk have been working together to identify certain areas of activity that could appropriately be shared through effective collaboration to generate mutually beneficial cost and other efficiencies.

### Main report

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- 3.1 The proposal is that the Council enters into a resourcing agreement with Falkirk Council whereby it agrees to second staff on a part time basis to Falkirk to perform a restricted set of activities in return for a payment of the appropriate portion of salary and other “on-costs” for the time the relevant staff spend on secondment. Importantly, there will be a significant degree of overlap/duplication between work carried out for Falkirk by the seconded staff and that which they necessarily need to carry out for the Council. This is critical to the arrangement being worthwhile and efficient for both the Council and Falkirk and to avoid the risks associated with the Lothian Pension Fund itself becoming understaffed or needing to recruit further resource for its own purposes.

- 3.2 The seconded staff will take direction and instruction from the relevant senior managers within Falkirk while on secondment and, while carrying out seconded activities, will be deemed to be carrying out functions for Falkirk with accompanying liability implications.
- 3.3 It is anticipated that the majority of the work carried out by the staff, while on secondment to Falkirk, can be done remotely from within the offices of the Lothian Pension Fund. Staff may however be required to travel to Falkirk's offices on a limited basis in order to effectively perform their functions for Falkirk while on secondment.
- 3.4 The seconded staff will nevertheless continue to be employed directly by the Council, with no impact on their employment terms and conditions, and will be required to enter into a secondment agreement with the Council governing the nature of their part-time secondment. The Lothian Pension Fund has kept staff informed of the discussions with Falkirk and formal consultation with the affected staff is underway. No concerns have arisen from this process.
- 3.5 The secondment arrangement will require the Lothian Pension Fund to record the time each staff member spends on secondment with Falkirk, so that this can be discussed and assessed by both the Council and Falkirk on an ongoing basis with a view to ensuring that the arrangement continues to work effectively in the interests of both parties.
- 3.6 The resourcing arrangement is also sufficiently flexible to allow it to be expanded or contracted from time to time in a manner that would be mutually beneficial for both the Council and Falkirk. Monitoring will ensure that the time spent by each member of staff seconded to Falkirk will be less than 30%.

## Measures of success

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- 4.1 The Council would achieve cost savings in relation to the operation of its in-house investment function and also generate other efficiencies through effective collaboration with Falkirk.
- 4.2 The resourcing arrangement would also provide equivalent benefits for Falkirk.

## Financial impact

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- 5.1 The secondment arrangement will enable the Council to make savings around the operation of its in-house investment team and the administration of its investments. While the exact amount will vary from year to year, the annual saving for the Council is anticipated to be in the region of £120,000.

## Risk, policy, compliance and governance impact

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- 6.1 The secondment arrangement does not involve the Council incurring the same level of liability as it might through the provision of services to Falkirk, as it will not generally be liable for the actions of its staff while on secondment.
- 6.2 The Lothian Pension Fund needs to closely monitor the secondment arrangement to ensure that it continues to operate properly and within the parameters agreed between the Council and Falkirk from time to time.

## Equalities impact

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- 7.1 There is no equalities impact as a result of this report.

## Sustainability impact

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- 8.1 There is no sustainability impact as a result of this report.

## Consultation and engagement

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- 9.1 The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to the governance of the Lothian Pension Fund. They attend meetings of the Pensions Committee.
- 9.2 Consultation and engagement with associated staff and trade unions will be important as the arrangement is put in place.

## Background reading / external references

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None.

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## Links

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### Coalition pledges

**Council outcomes** CO26 –The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives.

### Single Outcome Agreement



10am, Thursday, 11 December 2014

## Health and Social Care Integration Scheme: Update on Draft Integration Scheme

Item number	8.6
Report number	
Executive/routine	
Wards	All

### Executive summary

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The report updates City of Edinburgh Council on the Draft Integration Scheme as required by the Public Bodies (Joint Working) (Scotland) Act. It:

- outlines the current position with the Draft Integration Scheme;
- summarises the issue with recent Scottish Government guidance;
- identifies the outstanding matters pending clarification and implications for consultation;
- seeks delegated authority for Policy and Strategy Committee to approve the Draft Integration Scheme for consultation purposes at its meeting on 20 January 2015; and
- notes that the Integration Scheme will be available for approval by the City of Edinburgh Council in March 2015.

### Links

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Coalition pledges	<a href="#">P12</a> and <a href="#">P43</a>
Council outcomes	<a href="#">CO10</a> , <a href="#">CO11</a> , <a href="#">CO12</a> , <a href="#">CO13</a> , <a href="#">CO14</a> , <a href="#">CO15</a>
Single Outcome Agreement	<a href="#">SO2</a>

## Health and Social Care Integration - Update

### Recommendations

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- 1.1 Note the current position with the preparation of the Draft Integration Scheme.
- 1.2 Note the lack of clarity with respect to the most recent Scottish Government guidance.
- 1.3 Note the matters which cannot be progressed without further clarification.
- 1.4 Seeks delegated authority for the Draft Integration Scheme to be approved for consultation by Corporate Policy and Strategy Committee on its meeting on 20 January 2015.
- 1.5 Note that NHS Lothian will consider the Draft Scheme for Integration on 14 January 2015.

### Background

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- 2.1 The report presents the current position on the Draft Integration Scheme and seeks delegated authority for the Draft Integration Scheme to be approved for consultation by Corporate Policy and Strategy Committee on 20 January 2015.

### Main report

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#### **Public Bodies (Joint Working) (Scotland) Act.**

- 3.1 The Public Bodies Act received Royal Assent at the start of April 2014. It requires that NHS Lothian and City of Edinburgh create a new Integration Authority for the area of Edinburgh with responsibility for delivering the national Health and Wellbeing Outcomes.
- 3.2 The Integration Scheme is the document which sets out how the Integration Authority will be established. The Scottish Government requires that the Draft Scheme is:
  - prepared and agreed by NHS Lothian and City of Edinburgh Council;
  - consulted upon publicly;
  - amended, as appropriate, from the consultation; and
  - submitted to Scottish Government for approval by 31 March 2015.

## Draft Integration Scheme

- 3.3 The Draft Integration Scheme is a legal document and it is very important that its content is sound and based clearly within the bounds of legislation/regulations and guidance. The Scheme must be approved by Scottish Minister prior to establishing the Integration Authority.
- 3.4 The current Draft Integration Scheme has been drafted in a collaborative way with colleagues from NHS Lothian on the basis of the agreed preferred model, i.e. an Integration Joint Board (IJB) and on the legislation, regulations and available guidance for this model.
- 3.5 External legal advice has been provided to ensure compliance and the work has been progressing well, despite the challenging timescale.
- 3.6 It was intended that the Draft Integration Scheme would be approved by NHS Lothian Board on 3 December and by Council at the December meeting.
- 3.7 However, Scottish Government released additional guidance on the content of the Integration Scheme on 14 November 2014. This guidance significantly expands upon the legislation, regulations and with previous guidance.
- 3.8 In particular, it extends the role of the Integration Joint Board (IJB) substantially and stresses the Scottish Ministerial intent around the operational management role of the new Integration Authority and its Chief Officer. The consequences of this mean that the IJB must have a dual role:
- not only must the IJB strategically plan and resource health and social care functions, issuing directions to the constituent authorities;
  - it must also operationally manage/oversee these functions, with the members of the IJB sitting as committees of the Council and NHS Health Board, convened at the same time to operationally oversee matters jointly.
- 3.9 There are a number of implications of the recent guidance on the governance arrangements of the constituent authorities (i.e. NHS Lothian and City of Edinburgh Council) and on the arrangements for the IJB and Chief Officer.
- 3.10 The additional guidance means that more work will be required on:
- The governance arrangements of the Council and NHS Lothian;
  - Local operational delivery arrangements of the IJB;
  - Clinical and care governance arrangements of the IJB and relationship to the Council and NHS Lothian;
  - The role and responsibilities of the Chief Officer of the IJB;
  - Financial governance and operation of the IJB; and
  - Risk, claims and complaints matters between constituent parties.



- 3.11 In order to resolve this matter, the joint Leadership Group has requested an urgent meeting with Scottish Government. The purpose of this is to clarify the exact requirements around operational matters.
- 3.12 To allow the implications of these discussion to be worked through, this report seeks delegated authority for the Draft Integration Scheme to be approved for consultation purposes by Corporate Policy and Strategy Committee at its meeting on 20 January.
- 3.13 An NHS Board meeting will be convened on 14 January 2015 for NHS Lothian to consider the Draft Scheme for consultation.

## Consultation Process

- 3.14 NHS Lothian and the City of Edinburgh Council must consult jointly on the Draft Integration Scheme. The consultation process has been planned as a three stage process with stages 2 and 3 taking place over a six week period:
- Stage 1: A range of officers from NHS Lothian and City of Edinburgh Council prepare the Draft Scheme in line with the Act and latest available guidance:
  - Stage 2: The Draft Scheme is reviewed by the Shadow Strategic Planning Group ( the shadow version of the statutory group which will support the IJB in its 'whole system' planning role)
  - Stage 3: Wide consultation with the public and a range of bodies and organisations in line with the framework for 'Consulting Edinburgh'.

## Measures of success

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- 4.1 The Scottish Government has issued final National Outcomes for the delivery of integrated Health and Social Care as part of the final Regulations. These are as expected.
- 4.2 The Strategic (Commissioning) Plan work stream is tasked with planning for the delivery of these outcomes for the services in scope. The Programme Sub Group on Performance and Quality is tasked with establishing local outcomes for measuring the success of the new Integrated Joint Board (Shadow Health and Social Care Partnership) in relation to the national outcomes. A joint baseline has been developed and work is continuing on a joint framework for the future.
- 4.3 The approach to performance will be set out in the Draft Integration Scheme.

## Financial impact

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- 5.1 It is estimated that the Integration Joint Board will encompass a combined budget of around £500 million; c£200 million of Council funds and c£300million of NHS Lothian funds. The Integration Scheme will set out the financial arrangements for determining initial 'payments' and subsequent payments to the IJB.
- 5.2 The resources for the functions in scope will be delegated to the IJB for governance, planning and resourcing purposes. The Strategic Plan will identify how the resources are to be spent to deliver on the national outcomes and how the balance of care will be shifted from institutional to community-based settings.

## Risk, policy, compliance and governance impact

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- 6.1 A detailed risk log is maintained for the integration programme and reported through the status reporting process to the Shadow Health and Social Care Partnership (the shadow IJB) and through the Council's CPO Major Projects reporting procedure.
- 6.2 Enterprise level risks for integration are also identified on Corporate Management Team, Health and Social Care and NHS Lothian risk registers.
- 6.3 The approach to risk management for the IJB will be set out in the Draft Integration Scheme.

## Equalities impact

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- 7.1 The integration of health and social care services aims to overcome some of the current 'disconnects' within and between existing health and social care services for adults, to improve pathways of care, and to improve outcomes.
- 7.2 Furthermore, the intention is to improve access to the most appropriate health treatments and care. This is in line with the human right to health.
- 7.3 Work is in progress to develop a combined EqHRIA procedure between NHS Lothian and Health and social Care Services. This will be used for all EqHR impact assessments as required across the joint service once the Integrated Joint Board is fully established.

## Sustainability impact

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- 8.1 The proposals in this report will help achieve a sustainable Edinburgh because:

- joint health and social care resources will be used more effectively to meet and manage the demand for health and care services
- they will promote personal wellbeing of older people and other adults in needs of health and social care services; and
- they will promote social inclusion of and care for a range of vulnerable individuals.

## Consultation and engagement

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- 9.1 Consultation and engagement form a key work stream in the programme. A number of events have taken place and mechanisms are being established to ensure the Shadow Health and Social Care Partnership is engaging at all levels. This includes the recruitment of service users and carers as members of the Shadow Health and Social Care Partnership with the express purpose of bringing their own perspective to the discussions. A comprehensive engagement programme is also underway to engage with a range of staff and practitioners across health and social care services.
- 9.2 This report outlines the approach to consulting on the Draft Integration Scheme.
- 9.3 Finally, the Strategic Commissioning Plan process will adopt a co-production approach to developments to ensure timely and productive engagement with key stakeholders. Work is well-advanced for the establishment of the shadow Strategic Planning Group.

## Background reading/external references

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Finance and Resources Committee – 28 November 2014, Health and Social Care Integration - Update

Finance and Resources Committee – 30 October 2014, Health and Social Care Integration - Update

Finance and Resources Committee – 30 September 2014, Health and Social Care Integration - Update

Finance and Resources Committee – 28 August 2014, Health and Social Care Integration - Update

Corporate Policy and Strategy Committee- 5 August 2014, Health and Social Care Integration – Options Analysis of Integration Models.

Corporate Policy and Strategy Committee- 5 August 2014, Response to Draft Regulations relating to the Public Bodies (Joint Working) (Scotland) Act 2014.

Finance and Resources Committee – 30 July 2014, Health and Social Care Integration Update

Finance and Resources Committee 5 June 2014, Health and Social Care Integration Update

Corporate Policy and Strategy Committee- 13 May 2014, Health and Social Care Integration Update

Finance and Resources Committee - 7 May 2014, Health and Social Care Integration Update.

Corporate Management Team – 19 March 2014, Health and Social Care Integration – General Update.

Corporate Management Team – 5 February 2014, Health and Social Care Integration – General Update.

Corporate Management Team - 8 January 2014, Health and Social Care Integration, Progress on the Public Bodies (Joint Working) (Scotland) Bill.

Corporate Management Team – 20 November, Health and Social Care Integration - Strategic Commissioning Plan.

Corporate Management Team – 4 September 2013 City of Edinburgh Council – Proposed Response to the Public Bodies (Joint Working) (Scotland) Bill.

Corporate Policy and Strategy Committee – 6 August 2013 – City of Edinburgh Council proposed Response to Public Bodies (Joint Working) (Scotland) Bill.

See reports above for earlier reporting.

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## Links

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<b>Coalition pledges</b>	P12 – Work with health, police and third sector agencies to expand existing and effective drug and alcohol treatment programmes P43 – Invest in healthy living and fitness advice for those most in need
<b>Council outcomes</b>	CO10 – Improved health and reduced inequalities

	CO11 – Preventative and personalised support in place
	CO12 – Edinburgh’s carers are supported
	CO13 – People are supported to live at home
	CO14 – Communities have the capacity to help support people
	CO15 – The public is protected
<b>Single Outcome Agreement</b>	SO2 - Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health
<b>Appendices</b>	None

# The City of Edinburgh Council

10am, Thursday, 11 December 2014

## North West Edinburgh Partnership Centre

Item number 8.7  
Report number  
Executive/routine  
Wards

### Executive summary

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NHS Lothian is leading on the development of the new £12m North West Edinburgh Partnership Centre (NWEPC), where it is proposed to co-locate NHS and Council services. Taking a 'one public sector estate approach', shaped by the ambitions of the Edinburgh Partnership, this building will accelerate the pace of progress towards integrated service delivery, improved community services, regeneration and place making.

Working collaboratively with NHS Lothian to deliver the NWEPC and subsequently occupying floor space in the completed building to accommodate Children and Families staff will have financial implications, both capital and revenue. Total recurring revenue costs per annum are approximately £0.218m to cover the Council's annual building occupation costs and loan charge costs associated with contributing to one-off capital expenditure.

### Links

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Coalition pledges	<a href="#">P17</a> , <a href="#">P30</a>
Council outcomes	<a href="#">CO7</a> , <a href="#">CO8</a>
Single Outcome Agreement	<a href="#">S01</a>

## North West Edinburgh Partnership Centre

### Recommendations

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Council is requested to:

- 1.1 Approve the Council's contribution to a shared partnership building in North West Edinburgh, to be used by the Council and NHS Lothian;
- 1.2 Approve prudential borrowing supported by Children and Families, totalling £1.575m towards the capital costs (resulting in loan charge costs of £0.112m per annum) related to collaborative delivery of the North West Edinburgh Partnership Centre;
- 1.3 Agree to enter into an occupancy agreement with NHS Lothian for floorspace within the North West Edinburgh Partnership Centre to accommodate Children and Families staff based on a charge of £0.106m (subject to annual increases linked to RPI); and
- 1.4 Delegate authority to the Director of Services for Communities to finalise the terms of the occupancy arrangement and enter into the same.

### Background

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- 2.1 NHS Lothian is developing a community health care facility of approximately 4,300 sq m within Pennywell and Muirhouse. The building will extend over three levels and NHS Lothian will occupy the majority of the space with the remainder being occupied by the Council's Children and Families neighbourhood child practice team. The North West Edinburgh Partnership Centre (NWEPC) received full planning consent on 27 August 2014 (ref. 14/02250/AMC).
- 2.2 Once complete, NHS Lothian and the Council will offer improved and enhanced health and social care services in the North Neighbourhood enabling NHS Lothian to work more closely with the Council at a local level. Plans are progressing well and NHS Lothian is looking to submit a full business case to Scottish Government for approval by the end of December 2014.
- 2.3 The site is located within the boundary of Pennywell Shopping Centre. The Council purchased the ground lease of the shopping centre from Credential Muirhouse Limited in October 2014 in order to deliver the land required for the partnership project. There is additional benefit of Council ownership of the shopping centre assisting in the wider regeneration and place making for the

area. Authority for this purchase was given by the Economy Committee on 22 January 2014, with ratification by the Finance and Resources Committee on 3 February 2014.

- 2.4 Extensive community consultation took place in 2012 to inform the Pennywell and Muirhouse Central Area masterplan, which included the footprint of the new North West Edinburgh Partnership Centre. In December 2013, a place making study was commissioned, funded by Scottish Government, as part of the delivery of the NWEPC. Consultation was undertaken with local groups including an open event held in the local Arts Centre in April 2014. The information gathered will contribute to public realm design improving linkages between the NWEPC, the shopping centre and new homes under development in this area.

## Main report

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- 3.1 The NWEPC will represent the delivery of co-located services at a local level in line with the ambitions of the Edinburgh Partnership. This building will accelerate the pace of progress towards integrated service delivery, improved community services, regeneration and place making.
- 3.2 The Council has applied for approximately £2m from the Scottish Government's Regeneration Capital Grant Fund (SGRF) to take forward improvements to the public realm, shopping centre and library in Pennywell and Muirhouse, which forms part of the masterplan approved for the area in 2012. Notification of successful applications will take place towards the end of November 2014. The new partnership centre will form an important part within the overall regeneration of the area, creating a sense of place and aiding future sustainability.
- 3.3 The NWEPC will bring together a range of services including a GP practice, physiotherapy, child health and family support services, as well as community health and voluntary sector provision working together to deliver shared services and promote changes in working practices.
- 3.4 Co-location with services and other partners delivers customer benefit, revenue savings and service efficiencies. Case studies include the East Neighbourhood Centre (2012) and the Wester Hailes Healthy Living Centre (2013).
- 3.5 The Council's buildings, which the partnership centre will replace, are in a deteriorating condition and could not deliver the quality of service desired. There is an increasing awareness of the benefits of co-locating services and delivering enhanced customer experience.
- 3.6 In July 2014, the Council's Children and Families staff decanted from 1b Pennywell Gardens, a poor quality office building on the site of the NWEPC, to allow for this building's demolition by the end of 2014.



- 3.7 NHS Lothian anticipate demolition of 1b Pennywell Gardens by the end of December 2014 with a site start in March 2015. Completion of the NWEPC is expected in autumn 2016.
- 3.8 The Council's Children and Families neighbourhood child practice team will occupy 550 square metres and accommodate approximately 65 staff in the new building. The team provides services to children subject to Child Protection procedures and children in need in the local community. Work with NHS Lothian services to be located within the NWEPC is crucial to this agenda, in addition to the future Children Services Integration model.
- 3.9 There is likely to be some disruption during the construction process for the NWEPC and any temporary arrangements are being discussed and will be agreed with North Neighbourhood services, the community and local businesses.

## Measures of success

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- 4.1 The Council will contribute to a shared partnership building which will enable the delivery of better, joined up services for the community.

## Financial impact

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- 5.1 Working collaboratively with NHS Lothian, and subsequently occupying floorspace in the completed building to accommodate Children and Families staff, will have financial implications, both capital and revenue, which are set out in detail, in Appendix 1.

### Capital Costs

- 5.2 Capital costs include site clearance, furniture, equipment, the IT connection for Council staff and a contribution towards the build costs. The capital contribution is to be paid before entry. Total expenditure required is £2.509m to be funded across various stakeholders.
- 5.3 As part of the overall development for this area, the creation of a new road at Muirhouse Crescent is required to access the NWEPC and the new homes being delivered through the Council's 21<sup>st</sup> Century Homes programme. This road which is being constructed as part of the partnership project, has been costed by Hubco South East at £0.332m and will be jointly funded by 21<sup>st</sup> Century Homes and NHS Lothian.
- 5.4 The capital costs amounting to £0.602m will be funded from the Scottish Government Hub Capital Enabling Fund which is controlled by the South East Territory Partnering Board, and prudential borrowing to the value of £1.575m, supported by Children and Families over a 25 year period. As detailed in

paragraph 5.3, the cost of the road (£0.332m) will be funded by 21<sup>st</sup> Century Homes and NHS Lothian.

- 5.5 The overall loan charges associated with this prudential borrowing over a 25 year period would be a principal amount of £1.575m and interest of £1.288m, resulting in a total cost of £2.863m. The annual charges are set out within appendix 1 and these will be funded as explained in the revenue costs section below.

### **Revenue Costs**

- 5.6 Recurring revenue costs, over the 25 year period of the occupancy agreement, are the loan charge costs (detailed in paragraph 5.5) and a share of the overall building's unitary charge and facilities management costs (charged on a pro-rata basis in line with floorspace occupied by Council staff and shown net of future annual increases linked to RPI). These fluctuate in the period 2014/15 to 2017/18 based on the capital spend profile but normalise after this to a total of £0.218m per annum to 2040/41 which is the end of the projected occupancy agreement.
- 5.7 The recurring revenue costs will be funded by the Children and Families Child Protection budget that has been earmarked for this purpose (maximum available of £0.205m per annum from 2014/15 onwards). An element of the running costs from previous Council owned accommodation that staff moving into the NWEPC resided in (maximum available of £0.061m per annum from 2016/17 onwards) will also contribute towards revenue costs with the balance applied to iPFM targets. It should be noted that the latter will require to be released from Corporate Property's centralised property costs budget.
- 5.8 The normalised total recurring revenue costs per annum of £0.218m can be funded by the available maximum budget per annum of £0.266m, as detailed in paragraph 5.7. These costs include facilities (rates, utilities), services (cleaning), along with the additional benefits of co-location such as reception, caretaking and security.
- 5.9 The contingency balance can be used to fund annual RPI linked increases in the unitary and facilities management costs that have not been factored into the projection of costs.

### **Risk, policy, compliance and governance impact**

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- 6.1 Savings previously earmarked from the closure of 1b Pennywell Gardens and 34 Muirhouse Crescent were originally envisaged to be applied to the iPFM programme. These savings are now being used to contribute towards delivery of the partnership building.

- 6.2 NHS Lothian is committed to its delivery of the NWEPC and work is now underway to provide a cleared site. The Council is committed to the principles of partnership working and improving services for communities. There is an opportunity cost associated with failing to implement a collaborative approach to the delivery of the NWEPC.

## **Equalities impact**

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- 7.1 The Council contribution to deliver the site for the NWEPC and its participation in co-located services will lead to improved community health and social services in the area. This will have a positive impact on the right to productive and valued activities, individual, family and social life. The future place making possibilities will enhance the feeling of security for neighbouring residents and promote health and well-being.

## **Sustainability impact**

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- 8.1 There are positive impacts on carbon, adaptation to climate change and sustainable development arising directly from investment in a new building.
- 8.2 NHS Lothian is committed to ensuring all new build healthcare facilities target the BREEAM (Building Research Establishment – Environmental Assessment Method) Excellent standard.

## **Consultation and engagement**

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- 9.1 NHS Lothian has been carrying out consultation regarding the partnership building and, together with the Council, further engagement on local placemaking. There will be ongoing consultation with the Pennywell and Muirhouse development group through the masterplanning and detailed design stages.
- 9.2 Council services (finance, housing and regeneration, legal, estates and Children and Families) have been fully consulted and engaged on the content of the report.

## **Background reading / external references**

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NWEPC full planning consent 27 August 2014 (ref. 14/02250/AMC).

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**Links**

<b>Coalition pledges</b>	<p><b>P17</b> - Continue efforts to develop the city’s gap sites and encourage regeneration</p> <p><b>P30</b> - Continue to maintain a sound financial position including long-term financial planning</p>
<b>Council outcomes</b>	<p><b>CO7</b> – Edinburgh draws new investment in development and regeneration</p> <p><b>CO8</b>- Edinburgh’s economy creates and sustains job opportunities</p>
<b>Single Outcome Agreement Appendices</b>	<p><b>SO1</b> - Edinburgh’s economy delivers increased investment, jobs and opportunities for all</p>

## North West Edinburgh Partnership Centre (NWEPC)

<b>Capital Implications</b>	£000	£000	£000	£000	£000
<b>Capital expenditure</b>	2014/15	2015/16	2016/17	2017/18	Total
Advance works relating to providing cleared site to NHS	317	0	0	0	317
Associated legal costs	31	0	0	0	31
New road creation at Muirhouse Crescent	0	113	219	0	332
Capital contribution to build cost	0	1,659	0	0	1,659
Furniture and Equipment required for CEC staff in new building	0	0	170	0	170
<b>Total capital expenditure required</b>	<b>348</b>	<b>1,772</b>	<b>389</b>	<b>0</b>	<b>2,509</b>
<b>Available capital funding</b>					
21st Century homes / NHS capital funding for new road creation	0	0	0	332	332
Scottish Government enabling monies grant funding	120	0	482	0	602
Prudential borrowing	228	1,772	-93	-332	1,575
<b>Total capital funding available</b>	<b>348</b>	<b>1,772</b>	<b>389</b>	<b>0</b>	<b>2,509</b>

<b>Revenue Implications</b>	£000	£000	£000	£000	£000	£000	
<b>Recurring revenue costs</b>	2014/15	2015/16	2016/17	2017/18	Per annum thereafter	Total over period	Period of payment(in line with current lease period)
Loan charge costs supported by Children and Families (charged in arrears)	0	16	145	138	112	2,863	to 2040-41 inclusive
Share of unitary charge and facilities management charge per occupancy agreement (excluding yearly increase linked to RPI)	0	0	106	106	106	2,651	to 2040-41 inclusive
<b>Total revenue expenditure</b>	<b>0</b>	<b>16</b>	<b>251</b>	<b>244</b>	<b>218</b>	<b>5,515</b>	
<b>Available revenue funding</b>							
Looked after Children's budget earmarked for NWEPC staff occupation (maximum £0.205m available per annum)	0	16	205	205	205	5,141	to 2040-41 inclusive
Running cost savings associated with previous accommodation at 1B Pennywell Gardens and 34 Muirhouse Crescent (to be released by Corporate Property - maximum £0.061 available per annum)	0	0	46	39	13	374	to 2040-41 inclusive
<b>Total revenue funding available</b>	<b>0</b>	<b>16</b>	<b>251</b>	<b>244</b>	<b>218</b>	<b>5,515</b>	

10am, Thursday, 11 December 2014

## Proposals for the location of St John's RC Primary School: outcomes arising from the consultation

<b>Item number</b>	8.8
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	Wards 14 (Craigentinny/Duddingston) and 17 (Portobello /Craigmillar)

### Executive summary

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The need to replace St John's RC Primary School has been acknowledged for some time through its inclusion in the Wave 3 school replacement programme. In September 2012 the Scottish Government announced that the replacement of the school would receive funding support under Scotland's Schools for the Future Programme; the Council funding required to deliver the project is in place.

In November 2012 Council agreed that a consultation be carried out on six options for the site of a new school. Three of these involved the school moving to an entirely different location however this is not now necessary as the new Portobello High School can now be built on Portobello Park and the project to do so is well underway.

A consultation has recently been undertaken on three options for the future location of St John's RC Primary School which would involve it being built on different parts of the existing combined school site. The purpose of this report is to advise on the outcome of the consultation and make recommendations regarding the location on the site that the new school should be built and how the project to deliver it should be progressed.

### Links

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<b>Coalition pledges</b>	<a href="#">P3</a>
<b>Council outcomes</b>	<a href="#">CO1</a> and <a href="#">CO2</a>
<b>Single Outcome Agreement</b>	<a href="#">SO3</a>

## Proposals for the location of St John's RC Primary School: outcomes arising from the consultation

### Recommendations

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- 1.1 Approve that the new St John's RC Primary School should be built on the adjacent site of the existing Portobello High School.
- 1.2 Approve a provisional budget for the delivery of a new St John's RC Primary School of £11.132m and note that a further report will be brought to Council at an appropriate future point which would provide a project update and seek authority for any required revisions to the funding of the project taking into consideration the prevailing inflation position at that time.
- 1.3 Approve the proposed next steps set out in this report to determine the appropriate procurement route for the project.
- 1.4 Approve that, should a traditional procurement approach be followed and an OJEU process progressed to appoint a multi-disciplinary design team, at the conclusion of that process the decision regarding the appointment of the design team be delegated to the Director of Children and Families. An update on the contract award would then be provided to the next available meeting of the Finance and Resources Committee.

### Background

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- 2.1 St John's RC Primary School has been operating as a 14 class two-stream school for many years. The original main building dates from 1924 and is of two-storey concrete masonry construction. The classrooms are very small and are significantly under-sized at approximately 45m<sup>2</sup> (compared with a standard size of 60m<sup>2</sup>) being some of the smallest in the Council estate by a significant margin. There is limited general purpose and support space and the school currently relies on temporary unit accommodation for two of its classes, an IT suite, its nursery and some general purpose space. The school is also located on a constrained site of only 0.67 hectares.
- 2.2 A statutory consultation on site options for the replacement of St John's RC Primary School was originally undertaken in 2006 and on [21 December 2006](#) Council approved the option of a rebuild within the neighbouring Portobello High School site as the preferred location for a new school.
- 2.3 The need to replace the school has been acknowledged for some time through its inclusion in the Council's Wave 3 school replacement programme. On [18](#)

- [December 2008](#) Council approved the prioritisation of the five projects within the Wave 3 programme with St John's RC Primary School being ranked third-equal.
- 2.4 In September 2012 the Scottish Government announced that St John's RC Primary School would receive funding support under Scotland's Schools for the Future Programme. An update was provided to Council on [25 October 2012](#) which advised the intention to seek informal feedback from the St John's RC Primary School community regarding six site options for a replacement school.
- 2.5 The results of the informal consultation exercise were reported to Council on [22 November 2012](#) when Council agreed that a statutory consultation be carried out on the following two scenarios and options for a new St John's RC Primary School with views being sought on the preference between the two scenarios and, within each scenario, the preference between the different options:
- (i) St John's RC Primary School remaining on the existing Portobello/St John's campus; determine the preference of:
    - a. refurbishment and partial new build on the existing site but extended to 1.3 hectares;
    - b. new build on the existing site but extended to 1.3 hectares; or
    - c. new build on the adjacent high school site on an area of 1.3 hectares.
  - (ii) St John's RC Primary School relocating to a new site; determine the preference of a new build on:
    - a. the former Lismore Playing Fields;
    - b. Cavalry Park; or
    - c. Baileyfield (if successfully purchased but not required, or approved, as a fall-back for a new Portobello High School).
- 2.6 No statutory consultation process regarding these options was ever progressed as the position regarding one of them, the potential for new build on Baileyfield, remained undetermined until March 2014 when the Council was advised that the sale of that site to another party had been concluded and settled and that its bid to purchase the site had been unsuccessful.
- 2.7 On 2 August 2014 The City of Edinburgh Council (Portobello Park) Act 2014, came into force allowing the Council to formally appropriate Portobello Park as the site for the new Portobello High School. The construction of the new Portobello High School on Portobello Park is now underway and the new school is anticipated to open in August 2016.
- 2.8 In a report to Council on [6 February 2014](#) it was noted that, if the new Portobello High School could be built on Portobello Park, there would no longer be any necessity to consult on options which would involve St John's RC Primary School relocating to a new site. This is the position which has now been reached therefore a consultation process has recently been undertaken



regarding the three remaining options for the future location of St John's RC Primary School which are as follows:

1. Refurbishment and partial new build on the existing site but extended to 1.3 hectares;
  2. New build on the existing site but extended to 1.3 hectares; or
  3. New build on the adjacent high school site on an area of 1.3 hectares.
- 2.9 The purpose of this report is to advise on the outcome of the consultation and make recommendations regarding on what site the new school should be built and how the project to deliver it should be progressed.

## Main report

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### Consultation Process

- 3.1 The Schools (Consultation) (Scotland) Act 2010, as amended by the Children and Young People (Scotland) Act 2014, sets out the statutory consultation requirements for the relocation of a school. However as the three location options which were the subject of this consultation are either on the existing school site or that immediately adjacent to it, there is no relocation involved nor is there the necessity for any temporary relocation to an off-site decant location.
- 3.2 Whilst it was therefore not a requirement to follow the provisions of the Schools (Consultation) (Scotland) Act 2010 these were, in the main, still adopted. The main exceptions when compared with the statutory consultation process were that Education Scotland was not involved as a statutory consultee and the consultation report was not published three weeks before the Council meeting at which it will be considered. Both exceptions reduced the time required to undertake the consultation and, in turn, to deliver the replacement new school.
- 3.3 The consultation period ran for a period of eight weeks from 26 September 2014 to 14 November 2014. This was longer than the normal (statutory) consultation period for such circumstances which is six weeks as this period included the October school mid-term break. This meant the overall consultation period required to be extended to ensure it included the required minimum of 30 school days.
- 3.4 The rationale for the proposals and an indication of the timescales, costs and key elements for each option were set out in an information sheet a copy of which is attached at Appendix 1. This was distributed to all parents at St John's RC Primary School and the school nursery via pupil post with copies also having been delivered to nursery classes at Towerbank, Brunstane and Duddingston Primary Schools and also to local partner providers.
- 3.5 A full consultation paper was produced which can be accessed on the [Council website](#); a link to this paper was provided in the information sheet distributed. This provided greater detail regarding the background to the project and each option including the relative advantages and disadvantages. Hard copies of the

full consultation paper were provided to each school, nursery and local library. An email was sent to all other statutory consultees, including the local Community Councils and the Roman Catholic Church, Archdiocese of St Andrews and Edinburgh, advising them of the consultation and providing the link to the full consultation paper.

- 3.6 A public meeting was held on 28 October 2014 at St John's RC Primary School. At this meeting, which was independently chaired, Council officers outlined the proposals and answered questions. A record of the meeting which was attended by an estimated 28 members of the public is attached at Appendix 2.
- 3.7 Representations were also invited by letter and by e-mail. A total of 12 representations were received the details of which are included at Appendix 3. Of the 12 respondees, 10 expressed a distinct preference with seven being in favour of Option 3 including the Roman Catholic Church, Archdiocese of St Andrews and Edinburgh and the Head Teacher of St John's RC Primary School on behalf of staff and pupils of the school. One respondent favoured either option 2 or 3, with options 1 and 2 each being favoured by one respondent. The remaining two respondents expressed no distinct preference for any option.
- 3.8 The significant proportion of representations received in favour of option 3 (70% of those who expressed a preference) was reflected in an informal summary of views which was taken at the conclusion of the public meeting.

#### **Key Themes and Issues and Council Responses**

- 3.9 A number of issues and questions arose during the consultation process. The Council's response to those which were raised during the public meeting was provided during the meeting and the outcome is recorded in Appendix 2. Due to the comparatively small number of written and email representations which were received, the Council's detailed response to each is set out in Appendix 3.

#### **Conclusions**

- 3.10 Whilst there has not been a significant level of response to the consultation, the majority of those who attended the public meeting and/or submitted a written representation expressed support for the preferred option of Children and Families which is that the new St John's RC Primary School be built on the adjacent site of the existing Portobello High School.
- 3.11 It is considered that this option offers clear advantages including delivering the optimum educational environment; avoiding educational disruption; being the better value option and reducing the time and cost risks to the project. There was limited support for the option to retain and refurbish the existing school building (together with a large new build extension) which focussed on the history of the building rather than the quality of the educational environment that can be achieved. Accordingly it is recommended that the option to build the new St John's RC Primary School on the adjacent site of the existing Portobello High School is approved as the way forward.

## Project Delivery Mechanism and Procurement Strategy

- 3.12 The consultation paper included an indicative programme based on following a traditional procurement route which showed the delivery of the option of building the new St John's RC Primary School on the adjacent site of the existing Portobello High School as taking an estimated 39 months with a completion date of February 2018 and an occupation date of March 2018. This is shown in the following table.

Milestone	Timescale (by)
Conclusion of consultation and approval of Option 3	(Dec 2014)
Appoint design team	+ 3 months
Design development to RIBA Stage 2	+ 3 months
Design development to RIBA Stage 3 (submit for planning)	+ 3 months
Design development to RIBA Stage 4 and completion of planning	+ 4 months
Complete construction contract tender process and award contract	+ 5 months
Elapsed time before site available (February 2017)	+ 8 months
New school construction completion of all phases	+ 12 months
New school occupation	+ 1 month
<b>Base date to occupation</b>	<b>+ 39 months</b>

- 3.13 The above was indicative only and based on the following key assumptions:
- the demolition of the existing Portobello High School was completed by February 2017 allowing six months from when the school is expected to be decanted to its new location at Portobello Park in August 2016.
  - there was a 'clean' start to the project with no unexpected site or planning issues which would further delay progress.
  - a design team could be appointed from the proposed Council professional services framework agreement for which the tender process was expected to be concluded and available by March 2015.
  - the project would not be a 'major application' for planning purposes as the site area is less than 2 hectares and the gross floor space would not exceed 5,000m<sup>2</sup>.
  - a full OJEU procurement process would be required for the appointment of a construction contractor however the pre qualification phase of that process would be progressed during the period when planning consent was being considered and the design taken to RIBA stage 4.
- 3.14 Procurement has advised that the professional services framework agreement will not be in place until much later in 2015 therefore a separate OJEU procurement process would be required to appoint a multi-disciplinary design team. However Procurement has advised that, by prioritising the necessary resources into this process and by delegating authority for the final decision

regarding the appointment of a design team to the Director of Children and Families, an appointment could still be completed by March 2015.

- 3.15 At the outset of the consultation the opportunity to compress the overall programme was identified including the possibility of combining the contract for the demolition of the existing Portobello High School with that for the construction of the new St John's RC Primary School which might allow the construction works to be started in tandem with the demolition works as the entire site would be under the responsibility of a single contractor.
- 3.16 In addition, the Scottish Futures Trust (SFT) has developed a [reference primary school design](#) which could be applied to a new St John's RC Primary School. The reference design, or variations thereof, is in varying stages of delivery for new primary schools in a number of local authorities in the west of Scotland and it was suggested by SFT that there were potential efficiencies to be derived in terms of design input, construction cost and space utilisation.
- 3.17 An alternative option for the delivery of the project would be through Hub South East Scotland Limited (HSESL) who delivered the first two phases of the primary school rising rolls project and were commissioned to deliver phase three. They are also delivering the new James Gillespie's Campus, the new gym at Blackhall Primary School and three new nurseries. The HSESL process can involve less risk in the timing of delivery as it does not involve a lengthy procurement process for the appointment of either a design team or a contractor however the process still allows value for money to be achieved through external benchmarking.
- 3.18 HSESL was commissioned to undertake an outline feasibility study regarding the option of building the new St John's RC Primary School on the adjacent site of the existing Portobello High School. The purpose of this study was to develop a concept architectural design which established the optimum position on the site taking cognisance of planning requirements and the creation of a new area of open space on the remainder of the combined school site; to utilise the SFT reference design; to explore the efficiencies that could be achieved in the programme of delivery (including the impact of demolition of the existing Portobello High School) and develop an outline cost plan and affordability cap assessment to inform any subsequent New Project Request which the City of Edinburgh Council may wish to submit.
- 3.19 Following consultation with Council officers, Holmes Miller Architects were appointed by HSESL to undertake the study in conjunction with one of their tier one contractors, Graham Construction. The direct input of a contractor to this exercise has been invaluable, particularly in assessing the construction timescales taking into consideration the demolition of the existing high school.
- 3.20 The outcome from this study has only very recently been received and requires further detailed consideration. The approach taken by the design team is different to that suggested in the consultation report which shows the area for the pitch being adjacent to the school building along Duddingston Road rather

than that illustrated in the consultation paper which showed the pitch located to the rear of the new school on the area of the existing high school car park. The revised location has several advantages including providing a strong streetscape along Duddingston Road and moving the location of the pitch away from the rear of the properties on Hamilton Drive regarding which some concerns were expressed during the public consultation meeting and in written representation 5 in Appendix 3. An indicative site plan and images are included at Appendix 4.

- 3.21 The suggested location for the new primary school building is a suitable distance away from the existing Portobello High School tower to enable concurrent demolition and construction works to provide maximum programme efficiency. It was identified that the works to start the construction of the new school could overlap with the demolition of the high school. Demolition works would be split into two phases with phase 1 seeing the demolition of those buildings which sit within the footprint of the new primary school building and phase 2 seeing all other buildings (including the tower) being demolished concurrently with starting the construction of the new primary school.
- 3.22 The HSESL feasibility study suggests that, by following the hub approach, the new school could be delivered for December 2017. Whilst the period to construct the new school is estimated to be 18 months (including a period of one month for mobilisation) which is longer than the 12 months previously assumed, it is considered feasible to twin-track the demolition of the existing high school and the construction of the new primary school thus allowing a considerably accelerated construction start date. The current contract programme for the delivery of a new Portobello High School would see the new school completed by May 2016 allowing the school to decant to its new location before the school summer holiday; the HSESL feasibility study assumes this would be the case i.e. that the high school site would be available from 1 July 2016.
- 3.23 There would be several advantages to progressing with the hub route. A design team and contractor is already in place which would continue into the project to deliver the new school and the detailed design development phase; this team is working well and Council officers have been impressed with their performance during the feasibility exercise. The new school could also potentially be delivered slightly quicker through the hub route which, when compared with a traditional procurement route, offers the opportunity for a considerably longer period of detailed design development to be undertaken involving the contractor which has the potential to derive significant additional value and efficiency. In addition, through the agreement of an affordability cap greater cost certainty can be achieved from the outset.
- 3.24 A project to deliver the new St John's RC Primary School through HSESL would be initiated by the submission of a New Project Request which would set out the project requirement and also an affordability cap which the Council would consider to be the maximum cost it considers reasonable and would represent value for money. Whilst efforts would be made to deliver the project at a lower

cost, without compromising the quality, this is important as it sets a maximum cost cap which should not be exceeded unless there were previously unforeseen circumstances which might justify that (e.g. abnormal site considerations or cost inflation being higher than had been anticipated).

- 3.25 It is important that from the outset of any proposed project with HSESL there is a common understanding and agreement regarding the cost parameters within which that project would be delivered. The Council's expectation for this project is for an affordability cap which is in line with the cost estimate produced to inform the consultation paper which was in line with the SFT base cost metric for a new primary school (uplifted for inflation). SFT maintain that the base cost metric should be achievable in the current market.
- 3.26 Very constructive initial discussions have been undertaken with HSESL and SFT with a view to identifying a mutually acceptable position regarding an affordability cap (and budget) for the project to deliver a new St John's RC Primary School. Whilst further discussion is still required on some of the details which will be progressed over the next few weeks, there is considered to be a good prospect of achieving a satisfactory outcome. Should that be achieved, the outcome would be reported to the next Council meeting on 5 February 2015 for approval, including any changes which may be required to the provisional budget.
- 3.27 Delivering the project through HSESL is the preferred procurement approach however should it not prove to be possible to reach agreement regarding an affordability cap, the procurement process to appoint a multi-disciplinary design team would be initiated at the earliest opportunity to allow the project to be progressed as soon as possible following a traditional procurement route.
- 3.28 The previously estimated timescales for a traditional procurement approach were set out in the consultation paper and shown in paragraph 3.12 however it is considered possible to bring forward the anticipated occupation date from March 2018. Whilst the feasibility study suggested the period for mobilisation and construction would be longer than previously envisaged, partly due to the logistics associated with phased demolition, it also showed that, due to the opportunity to enable concurrent demolition and construction works, the works on site could start far earlier than had previously been assumed. The revised programme is illustrated in the following table which shows a completion date of December 2017 and an occupation date of January 2018.

Milestone	Timescale (by)
Conclusion of consultation and approval of Option 3	(Dec 2014)
Appoint design team	+ 3 months
Design development to RIBA Stage 2	+ 3 months
Design development to RIBA Stage 3 (submit for planning)	+ 3 months
Design development to RIBA Stage 4 and completion of planning	+ 4 months

Milestone	Timescale (by)
Complete construction contract tender process and award contract	+ 5 months
New school construction based on mobilisation in June 2016	+ 18 months
New school occupation	+ 1 month
<b>Base date to occupation</b>	<b>+ 37 months</b>

- 3.29 The above programme is indicative and is subject to the same assumptions set out in paragraph 3.13 with the exception of the timing of the demolition of the existing Portobello High School. The timescales for the appointment of a design team are the same as before but are contingent on the decision regarding the appointment of a design team being taken under delegated authority and Council is asked to approve that, should this approach be progressed, following the conclusion of the necessary OJEU procurement process the decision regarding the appointment of a design team be delegated to the Director of Children and Families. An update on the contract award would then be provided to the next available meeting of the Finance and Resources Committee.

## Measures of success

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- 4.1 Delivery of the new St John's RC Primary School on time, within budget and to a design specification which fully meets all educational and community related requirements.

## Financial impact

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### Gross Capital Expenditure

- 5.1 The consultation paper considered the capital expenditure required for the construction of a new-build primary school and nursery on part of the site of the current Portobello High School. This option would be completed in a single phase and the school would not require to be decanted during the construction period however the construction of the new school could only be started once Portobello High School had vacated the site and the existing high school buildings had been demolished and the site cleared.
- 5.2 It was estimated that, following Council approval this option could take 39 months to complete and, if approval to proceed was achieved in December 2014, the project could be completed by March 2018. This programme was indicative only and was based on a number of key assumptions including that the demolition of the existing Portobello High School was completed by February 2017 allowing for a period of six months from when the school was expected to be decanted to its new location at Portobello Park in August 2016.
- 5.3 Based on this indicative programme a construction cost estimate for the new primary school including a 40/40 nursery was prepared by external cost consultants, gardiner & theobald, which showed an indicative capital cost for the project of £10.772m taking into consideration provision for future cost inflation.



This cost was based on an accommodation schedule of 3,700m<sup>2</sup> (including an uplift of 30% for circulation and plant) which is slightly within the suggested SFT space metric.

- 5.4 This estimate excluded the cost of providing the enhanced early years facilities in the new St John's RC Primary School for two year olds which was approved by the Education, Children and Families Committee on [11 September 2014](#) and for which the estimated additional cost is £0.36m giving an estimated total cost for the delivery of the new school of £11.132m. However, the following factors should be noted:
- (i) The estimated costs detailed above are based on a forecast future inflation uplift using the projected future BCIS All-In Tender Price Index which prevailed at the start of the consultation period. The actual inflationary uplift which arises in the future could be quite different.
  - (ii) The estimated costs detailed above are based on a desktop feasibility study and do not take into consideration any abnormal site specific costs which might arise which will only be determined once the appropriate site investigations are undertaken and the detailed design process commences.
- 5.5 In light of the above and the fact that detailed design development will be required to examine the various design permutations that may emerge for the new school it is proposed that the estimated cost of £11.132m be set as the provisional budget for the delivery of a new St John's RC Primary School. A further report will be brought to Council at an appropriate point, probably when an application for planning permission has been submitted, which would provide a project update and seek authority for any required revisions to the funding of the project taking into consideration the prevailing inflation position at that time.

#### **Scottish Government Funding and Net Council Funding**

- 5.6 Under the Scotland's Schools for the Future Programme which is managed by the Scottish Futures Trust (SFT), the Scottish Government will contribute 50% of the funding towards the cost of delivering the new St John's RC Primary School based on defined metrics; this being on a capital basis, not revenue.
- 5.7 The base cost on which the 50% contribution is calculated is derived from the aggregate physical capacity of the school which, including the nursery, is 502 pupils to which is applied a space allocation of 7.5m<sup>2</sup> per pupil resulting in an overall space allocation of 3,765 m<sup>2</sup>. The base cost is then calculated by applying an assumed all-in funding rate to the overall space allocation to derive a gross cost of which 50% is provided as funding support. No additional funding support would be provided by the Scottish Government for any decant, or any other abnormal costs, were these to be necessary.
- 5.8 For an entirely new build primary school the SFT base cost metric rate is £2,350/m<sup>2</sup> using a reference date of Q2 2012. SFT has indicated that it would be the intention to fix the future inflation uplift at Q1 2016 at which point, based on the projected BCIS All-In Tender Price Index which prevailed at the start of



the consultation period, the inflationary uplift would have been 19.13% resulting in a base cost metric rate of £2,800/m<sup>2</sup>. Applying this rate to the overall space allocation resulted in a deemed total cost of £10.542m of which 50% funding would be provided i.e. £5.271m.

- 5.9 Based on an estimated total cost for the delivery of the new school of £11.132m this would leave a remaining balance of £5.861m of which £5.501m would require to be funded by the Council directly with £0.36m relating to the provision of enhanced early years facilities being funded from the additional, but separate, Scottish Government funding which was provided for that purpose across the entire school estate. This funding will be added to the budget to deliver a new St John's RC Primary School.
- 5.10 The current Children and Families Capital Investment Programme to 2018/19 includes specific capital funding of £7m in respect of the delivery of a replacement St John's RC Primary School. The balance of capital funding which it has been estimated above would require to be funded directly by the Council is £5.501m however it is considered necessary to retain the full £7m as there are several, as yet undetermined, factors which could result in the cost of the project, and that which requires to be funded directly by the Council, to increase:
- (i) The estimated costs and Scottish Government funding detailed above are based on a forecast future inflation uplift using the projected future BCIS All-In Tender Price Index which prevailed at the start of the consultation period. The actual inflationary uplift which arises in the future could be quite different.
  - (ii) The estimated costs detailed above are based on a desktop feasibility study and do not take into consideration any abnormal site specific costs which might arise which will only be determined once the appropriate site investigations are undertaken and the detailed design process commences.
- 5.11 The Council was recently invited to submit a proposal to the Scottish Government identifying a school project which would meet certain conditions and which it would wish to be considered for funding under the Scotland's Schools for the Future programme. On [25 September 2014](#) the Council approved that the proposed project would be the replacement of Queensferry High School and agreed the way in which the project would be funded including accepting a change which would be required to the existing funding arrangement for the new St John's RC Primary School.
- 5.12 Under the existing funding arrangement the Scottish Government would contribute 50% of the funding towards the cost of delivering the new St John's RC Primary School as illustrated above; this being on a capital basis, not revenue. As part of the proposed alternative approach should the project to build a new Queensferry High School be agreed and progressed, the Council would be required to meet the full capital costs associated with delivering the

new St John's RC Primary School (albeit it would still be part funded under the Scotland's Schools for the Future Programme).

- 5.13 Whilst this would require the Council to meet additional estimated capital costs (based on the above estimates) of £5.271m directly, in reality this would only be a timing difference as SFT has confirmed that the £5.271m would be included as a further enhancement to the revenue funding which the Scottish Government would provide towards the replacement of Queensferry High School i.e. the Council capital contribution towards the new Queensferry High School would be reduced by that amount.
- 5.14 On [25 September 2014](#) Council approved the capital funding of an estimated £11.048m which would be required to deliver a replacement Queensferry High School and which will be incorporated into the Children and Families Capital Investment Programme; part of this funding would be required to fund the capital costs of the new St John's RC Primary School for which capital funding would previously have been provided by the Scottish Government.

### **Loans Charges**

- 5.15 This report outlines total capital expenditure plans of £11.132m. This is to be funded from a combination of resources which are core capital funding (£5.501m) and Scottish Government funding (£5.631m). If the core capital element were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £5.501m and interest of £3.554m, resulting in a total cost of £9.055m based on a loans fund interest rate of 5.1%. The annual loan charges would be £0.453m.
- 5.16 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.
- 5.17 The resources to fund the overall capital expenditure plans in this report form part of the approved Capital Investment Programme. Provision for funding the core capital element will be met from the revenue loan charges budget earmarked to meet overall capital investment programme borrowing costs.

### **Risk, policy, compliance and governance impact**

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- 6.1 The recommendations in this report do not impact on an existing policy of the Council and there are no health and safety, governance, compliance or regulatory implications that elected members need to take into account when reaching their decision.

- 6.2 All Children and Families capital projects are delivered in line with the Council's Risk Management Policy and Framework. Delivery of the project will be overseen by an Investment Steering Group which will operate based on the project management principles of Prince 2 and follow the same governance arrangements as similar projects including the delivery of other new schools. The consideration and management of risk will be undertaken through this group.

## **Equalities impact**

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- 7.1 There are no negative equality or human rights impacts arising from this report.

## **Sustainability impact**

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- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising directly from this report. The overall project will see the delivery of a new building for which the Council will target to achieve BREEAM 'very good' standard for sustainability and an Energy Performance Certificate Rating of B+ (excluding renewables).
- 8.2 There will be a significant improvement in the environmental performance of the new building over the existing. The new school would be designed to minimise the impact on carbon emissions and energy consumption.
- 8.3 Examining how sustainable measures can be incorporated into the school design will be an integral part of the detailed design process. Sustainable principles will be fundamental to the design strategy, informing strategic decisions such as building orientation and ventilation strategies. Every opportunity will be taken to utilise low and zero carbon technologies, and focus on improving energy efficiency.

## **Consultation and engagement**

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- 9.1 The purpose of this report is to advise on the outcome of the consultation process which was undertaken between 26 September 2014 and 14 November 2014 relating to options for the future location of a new St John's RC Primary School.
- 9.2 The consultation process itself was extensive and involved either the summary or full consultation paper being provided to all relevant parties and a public meeting which was held on 28 October 2014.
- 9.3 As the project progresses a working group involving Council officers, the design team, the school management and representatives from the Parent Council will be established and will meet at regular intervals to ensure the school community is fully informed and engaged throughout the process to design and deliver the new school.

## Background reading/external references

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There have been several previous reports to Council on this subject. These reports are referenced throughout this report with links being provided to where copies can be accessed on the Council website.

### Gillian Tee

Director of Children and Families

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## Links

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<b>Coalition pledges</b>	P3 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools
<b>Council outcomes</b>	CO1- Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. CO2 - Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities.
<b>Single Outcome Agreement</b>	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
<b>Appendices</b>	<ol style="list-style-type: none"><li>1 Rationale for the Proposals - Information Summary</li><li>2 Record of Public Meeting</li><li>3 Representations Received and Council Response</li><li>4 Option to build on existing Portobello High School Site - Indicative Site Plan and Images</li></ol>

## APPENDIX 1

### Rationale for the Proposals - Information Summary

#### Consulting on the future location of St John's RC Primary School

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The school will still be a 14 class (two stream) primary with a nursery accommodating 40 in the morning and 40 in the afternoon. Early years' provision will also be made for 20 two year olds.

At the moment the school accommodation extends to an area of 2,389m<sup>2</sup>. This will increase to around 3,820m<sup>2</sup> with increased playground area when compared with the existing school. The school grounds will extend to 1.3 hectares in all three options and a seven-a-side all-weather pitch will be provided.

No changes to the school's catchment area are proposed. Recent studies show the size of school proposed can meet catchment demand in the future.

The consultation paper outlines 3 options to deliver these requirements:

- Option 1 – Refurbishment and partial new build on the existing site
- Option 2 – New build on the existing site
- Option 3 – New build on part of the adjacent Portobello High School site

#### What are the main differences in the options?

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##### Option 1 - Refurbishment and partial new build on the existing site

- Construction would be carried out in a number of phases.
- Need to decant the whole school to part of the Portobello High School site during the construction period.
- Results in a significant reduction on the amount of play space available during construction.
- This would take at least 42 months to complete (could be complete June 2018).
- Estimated capital cost = £10.538m  
Estimated revenue cost of decant = £1.944m  
Estimated total cost = £12.482 million

##### Option 2 – Complete new build on the existing site

- Construction would be carried out in a number of phases.
- Most of the school would not need to decant during construction but around 200m<sup>2</sup> of temporary accommodation would be needed. This is because the existing temporary units would need to be demolished so that the new school can be built.

- There would be some impact on the amount of play space available during construction.
- This would take at least 36 months to complete (could be complete December 2017).
- Estimated capital cost = £10.736m  
Estimated revenue cost of decant = £0.359m  
Estimated total gross cost = £11.095 million

### **Option 3 - New build on part of the adjacent Portobello High School site**

- Construction would be carried out in a single phase.
- No decant would be needed during construction.
- There is no impact on the amount of play space available during construction.
- However, construction work could only start once Portobello High School vacates the site and the existing high school buildings are demolished and cleared.
- This option would take an estimated 39 months to complete (could be complete March 2018). There may be opportunities to shorten the overall programme but this needs further detailed consideration.
- Estimated capital cost = £10.772m  
Estimated revenue cost of decant = £nil  
Estimated total gross cost = £10.772 million

### **Are the cost and timescales given accurate and final?**

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No, they are estimates at this stage. There are a variety of ways in which each option can be delivered and that will affect both the cost and the timescale.

We have used *indicative* timescales and layouts to help you to compare the options. They are based on feasibility work done by the Council's Internal Design Team. More details about them, and any assumptions that they are based on, are set out in the consultation paper.

The project is providing additional nursery spaces for two year olds but costs of this are not included here as they are more or less the same for each option and will be funded separately.

### **Further information**

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Much more detail on the different options and the consultation process can be found in the consultation paper. This can be downloaded at [www.edinburgh.gov.uk/stjohnsprimaryconsultation](http://www.edinburgh.gov.uk/stjohnsprimaryconsultation).

If you want a hard copy of the consultation paper this can be collected from St John's RC Primary School or you can call (0131) 469 3136 to ask for one to be sent to you.

You can also find reference copies in Portobello, Piershill and Craigmillar Libraries and in local nurseries.

## **Consultation Feedback**

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We cannot respond directly to every individual during the consultation period but all comments will be read as they are received. Additional information will be provided on the Council website (at the address above) if there are particular questions that are being raised by a lot of people.

A consultation report will be produced at the end of the consultation period. It will include a summary of all written comments, all views noted at the public meeting, and our responses to each of the issues. The report will be published online and in hard copy. Anyone who comments in writing during the consultation period will be notified when it is available.

We expect that this final consultation report and recommendations will be considered at the City of Edinburgh Council meeting on 11 December 2014.

## **Written comments to the Director of Children and Families**

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The City of Edinburgh Council; Level 1.2 Waverley Court; 4 East Market Street;  
Edinburgh EH8 8BG

E-mail [newschoolbuildings@edinburgh.gov.uk](mailto:newschoolbuildings@edinburgh.gov.uk)

## APPENDIX 2

### Record of Public Meeting

#### Proposals for the location of the new St John's RC Primary School Public Consultation Meeting held at 7.00pm, Tuesday, 28 October 2014, St John's RC Primary School, Edinburgh

**Present:** Approximately 28 members of the public

**In Attendance:** Tom Wood (Independent Chair), Billy MacIntyre (Head of Resources, Children and Families), Crawford McGhie (Asset Planning Manager, Children and Families), Keith Thomson (Estate Development Advisor, Children and Families), Barbara Service (Head Teacher, St John's RC Primary School)

### 1. Introduction

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Mr Tom Wood introduced himself and advised that he had been invited by the City of Edinburgh Council as an independent person to chair the public consultation meeting. The consultation related to consideration of the proposals for the location of the new St John's RC Primary School.

The public consultation would provide people with the opportunity to express their views and feed directly into the consultation process, which would inform the decision to be made in terms of the best option for the location of the new St John's RC Primary School.

Mr Tom Wood welcomed everyone to the meeting. Reassurance was given that no decision had been made in terms of the location of the new St John's RC Primary School, and the consultation process would encompass the views of parents and the public to ensure that the final decision would reflect these views. A decision would be taken by elected members at the meeting of the Full Council on 11 December 2014. The decision would be based on a report that incorporated all the views expressed by parents and the public during the consultation process.

Billy MacIntyre (Head of Resources) provided reassurance that no decision had been made and that although Children and Families had identified a preferred option, three options were being presented for consideration and all views and suggestions were welcomed. All questions and statements would be listened to and included in the report to be considered by elected members when making the final decision about St John's RC Primary School.

### 2. Presentation

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Crawford McGhie (Asset Planning Manager) delivered a presentation that provided some background information on the original building, the scope of the new school,



detailing the three options proposed by the Council and the educational benefits offered by the new school.

## **Background**

The school currently operates as a fourteen class, two-stream school. The original main building dates from 1924 and is of two-storey concrete masonry construction. The classrooms are some of the smallest in the Council estate at approximately 45m<sup>2</sup> (compared with a standard size of 60m<sup>2</sup>). The school has limited general purpose and support space. Temporary accommodation units make up two of the classrooms, an IT suite, the Nursery and some general purpose space. The site in which the school was located is also constrained at only 0.67 hectares.

It was highlighted that the project had been ongoing since 2006 when the original statutory consultation on the site options for the replacement of St John's RC Primary School was undertaken. On 21 December 2006, Council approved the option of the rebuild within the neighbouring Portobello High School site.

The school was one of the priorities identified in the Wave 3 school replacement programme as approved by Council on 18 December 2008. The report to Council included details of the informal consultation process which took place together with the results of the associated survey of the St John's RC Primary School community.

The following three options were identified:

- (i) Refurbishment and extension on the school's existing site.
- (ii) New build on an immediately adjacent site.
- (iii) New build on the existing site.

At this time, the community indicated that they would prefer a refurbishment and extension on the existing school site. As no decision was required at that time, it was agreed that discussion would continue at an appropriate time in the future.

A feasibility study was carried out in 2012 in order to inform a funding submission to the Scottish Government where the following four options were explored:

- (i) Complete new build primary school as a single entity on the adjacent Portobello High School site.
- (ii) Complete new build primary school and retain the existing Portobello High School gym block and associated accommodation as an independent community facility.
- (iii) Complete new build primary school but integrating the existing Portobello High School gym block directly with the new primary school building.
- (iv) Refurbish and extend the existing primary school building.

After investigating these options, it was recommended that the best solution would be to build a new school on the adjacent Portobello High School site. It was proven to be the most economic and simple process in respect of the clearance of the existing site and delivering the full new build with negligible disruption to the school. This would also allow the opportunity to design the school with no restriction by the configuration of

the existing building and would therefore be a better match to educational requirements. This remained the preferred option of Children and Families.

On 26 June 2014, the Scottish Parliament unanimously agreed to pass the City of Edinburgh Council's (Portobello Park) Private Bill. As a result, it was confirmed that the site for the new Portobello High School would be Portobello Park. Consequently, there was no longer any need to consult on options which would have involved St John's RC Primary School moving to a new site.

The options which are now the subject of this public consultation are:

Option 1- Refurbishment and partial new build on the existing site

Option 2 - New build on the existing site

Option 3 - New build on the adjacent Portobello School site

### **Scope of new school**

The new school will remain as being fourteen class, two stream which is considered to be adequate to meet capacity demands. No changes are proposed to the existing catchment area.

The size of the site on which the school would be placed would almost double from 0.67 hectares to 1.3 hectares. The school building itself would also increase from 2,389m<sup>2</sup> to 3,700m<sup>2</sup>.

The site would include an all-weather pitch, a nursery with the capacity to take 40 3-5 year olds (both am and pm - 80 per day) and 20 under 3's and additional staff parking.

## **3. The Proposals**

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Crawford provided further detail on the three options identified by the Department and outlined the educational benefits these would offer.

### **Option 1- Refurbishment and partial new build on the existing site**

This option would involve the refurbishment and remodelling of the existing St John's RC Primary School building together with a large new-build extension. This would be implemented in three phases and was estimated to take 42 months. The estimated capital cost was £10.538m and the school would be required to decant into temporary accommodation provided on part of the Portobello High School site which would involve a further revenue cost of an estimated £1.944m.

### **Option 2- New build on the existing site**

This option would involve the construction of a new-build primary school and nursery on the existing school site. This would be implemented in four phases and would take an estimated 36 months. The majority of the school would not require to be decanted and would remain in the existing school buildings during the construction period. The estimated capital cost was £10.736m with a further estimated revenue cost of £0.359m for the decant accommodation.

### **Option 3- New build on the adjacent Portobello School site**

This option would involve the construction of a new-build primary school and nursery on part of the site of the adjacent Portobello High School. This would be completed in a single phase with no decant required. The construction however, could only begin once Portobello High School had been vacated and existing school buildings demolished. The timescale for this option was estimated to be 39 months and the estimated capital cost was £10.772m.

#### **Educational benefits**

Each of the three options would provide an enhanced learning environment with facilities designed specifically for learning in the 21st century. These would include a brighter, safer working environment for all pupils, state of the art ICT facilities, improved dining facilities and an all-weather pitch.

The recommendation put forward by Children and Families was to adopt option 3, to construct a new building on the adjacent Portobello High School site. Option 3 would cause the least amount of disruption to the school as there would be no need for a decant, had the lowest cost implications and was the best solution for planning, design and operation.

## **4. Questions and Comments**

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**Question 1** – The community has been consulted twice and had stated overwhelmingly that their preferred solution would be option 1 (refurbishment and partial new build on the existing site) - why is the department attempting to steer opinion towards option 3 (new build on the adjacent Portobello School site)?

**Answer** – (Billy MacIntyre) Following the approval by Council for the rebuild on the neighbouring Portobello High School site in December 2006, there have been two informal consultations in 2008 and 2012. Although the majority of those who responded to these were in favour of option 1, there were not a significant number of responses so the outcome could not be described as being overwhelming or, necessarily, a reflection of the wider community. As the last consultation was in 2012 and was informal in nature, the current full consultation allows an opportunity for the entire community to express their views on the three options which are now being proposed.

Children and Families is committed to providing the best educational outcomes for children. Option 3 would be a state of the art, bespoke building whereas option 1, requiring to be built round the existing building, would represent a significant compromise by comparison.

**Question 2** – Why have the temporary nursery huts lasted longer than the Portobello High School building?

**Answer** – (Billy MacIntyre) The department has accepted that the Portobello High School building hasn't lasted as long as perhaps might have been hoped. In the

interim, great progress has been made with building methods, materials, design and maintenance therefore new school buildings are forecasted to last at least 60 years.

**Question 3** – Why didn't a letter including a survey go to all parents via Royal mail for consultation on the proposals?

**Answer** – (Billy MacIntyre) Statistically, surveys for consultations do not provide many responses. A letter to all parents about the consultation process was sent via the school. The consultation has been discussed at Parent Council and advertised at libraries. We would be happy to produce further information sheets to distribute to all parents of children at St John's if this is required.

**Question 4** – The Transport and Environment Committee selected the schools which will be part of the pilot scheme for School Streets, was St John's RC Primary School chosen?

**Answer** – (Billy MacIntyre) Both St John's RC Primary School and Duddingston Primary School have been selected to take part in the School Streets pilot subject to consultation. The Council does not encourage parents to use cars to drop their children off at school, and schools manage their own individual safe travel plans alongside parents.

**Question 5** – Would it be possible to get the school building listed?

**Answer** – (Billy MacIntyre) In 2008, Historic Scotland assessed the building however it does not meet the architectural or special interest requirements to be listed.

**Question 6** – Will there be a planning process for the new school?

**Answer** – (Billy MacIntyre) The planning process will be followed in accordance with planning guidance and the usual consultation processes will be undertaken.

**Question 7** – How much of the land will be converted into a park for community use?

**Answer** – (Billy MacIntyre) An area of open space of 2.16 hectares will be created on the combined school site and a £1m budget has been set aside to deliver this as part of the project to deliver a new Portobello High School. What this new area of open space will comprise will be open to public consultation which will be carried out by the neighbourhood team. Whilst the priority on the combined school site is to identify the most appropriate area of 1.3 hectares for a new St John's RC Primary School, the remaining area of 2.16 hectares will be converted to open space and I am sure that on whatever part of the site that space is created it will be a fantastic new community resource.

**Statement** – Speaking to neighbours in the area i.e. Hamilton Terrace, there are fears that an open community space will bring issues of anti-social behaviour. There are also concerns that the building site will cause an increase in traffic to the area which is already busy with parents dropping off children at school.

**Statement** – Former pupil and resident who witnessed Portobello High School being built in 1950. Fully supportive of option 3 as it provides the best educational outcomes for children, avoids the major upheaval of having to be decanted, moving the school

building to the other end of the site will ease the traffic problems experienced in Hamilton Terrace and measures will be taken to help the drainage problem in the current playground.

**Answer** – (Billy MacIntyre) In response to comments regarding a desire to retain the existing school building, or part of it, there was a similar process undertaken to consider the options for a new Boroughmuir High School. The alternative to new build was the refurbishment of the existing building which was discounted due to the significant constraints which that would have entailed in designing a new school around an old building. Some people were originally against a new building but have subsequently changed their mind when they saw what could be achieved starting with a blank canvas. If option 3 was approved, some history of the old building could be built into the new school.

**Question 8** – The new games hall in Portobello High School is less than 20 years old and is of a higher specification than the new games hall proposed in the new school. Could the new school be built round the existing games hall, and classes could be run here for the community?

**Answer** – (Billy MacIntyre) This option was looked at in 2012, and it was concluded that this option would be more expensive than a new build. The new Portobello High School will include 2 games halls, 1 which will be big enough for competitive matches.

To retain the current sports building would take away some of the open space available to the school. Integration costs for designing a new primary school around the existing building would be high. There will also be facilities in the new Portobello High School which will be suitable for competitive basketball matches.

**Question 9** – How would the new building be more sustainable than the old building?

**Answer** – (Billy MacIntyre) Scottish Government funding dictates standards that have to be implemented in terms of sustainability. Building materials and methods have improved through time. The rooms will make use of natural light and ventilation where possible, be powered through sustainable energy sources where possible and have low CO2 emissions. This is all possible when starting from scratch but is far more problematic working round an existing building.

**Question 10** – Is a decant teaching situation unsettling for children?

**Answer** – (Billy MacIntyre) Decant has been used successfully in other schools such as James Gillespie's High School however it is acknowledged that this is easier for high school pupils than for those at primary school. A decant is possible however it can be disruptive and is not the preferred option.

**Question 11** – Is there a formula for calculating how many parking spaces are available based on the size of the school?

**Answer** – (Billy MacIntyre) Yes, it is calculated based on the number of staff working in the school. The Council does not encourage parents to drop off children by car and therefore parking spaces are not provided for parents. It is hoped that this will encourage greener travel.

**Question 12** – Would the design take into account the gradient of the playground?

**Answer** – (Billy MacIntyre) The school design will take the gradient of the playground into account. The design process will also determine where the pitch will go.

**Question 13** – What is the staff opinion?

**Answer** – (Barbara Service) The accommodation has been challenging over the years with small class rooms and large class sizes. Primary 7 classes are already taught in huts and there is inadequate dining and music space. Children themselves are getting bigger so require more space. It is fair to the children of the future to be offered the same educational opportunity as other children across the city. We are delighted to have reached this stage. Option 3 is our preferred option and we are encouraged by the positive response of parents to option 3 this evening.

**Question 14** – Can children access the school via the park as part of Option 3?

**Answer** – (Billy MacIntyre) This would be possible however pedestrian access would be considered as part of the detailed design process.

**Question 15** – If the school had to be put into decant accommodation, would there be facilities available for an after school club?

**Answer** – (Billy MacIntyre) There would be provision made in any decant accommodation to provide after-school club facilities. It is a priority for the department to ensure there is as little disruption as possible.

**Question 16** – Would the design be open to competition?

**Answer** – (Billy MacIntyre) No, there are two procurement routes, one being through the hub South East Scotland Ltd public/private partnership and the other being the traditional procurement route which would firstly engage a design team and then a contractor. The aim would be to draw on recent experience from successful school replacement programmes in the West of Scotland to provide the best possible outcome.

**Question 17** – Will 16 spaces provide enough parking for teachers?

**Answer** – (Billy MacIntyre) There are planning constraints preventing the provision of more parking spaces and the number provided is greater than that which would be available in other parts of the city; for example the New Boroughmuir High School has seven parking spaces for 165 staff. The Department is encouraging sustainability and greener methods of travel so parking would never be provided for all members of staff.

## 5. Conclusion

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Billy MacIntyre, in concluding the meeting, thanked the audience for the questions and points made this evening. These will be recorded and addressed in the final report to be submitted to Council in December for a final decision.

## APPENDIX 3

### Representations Received and Council Response

See out below are the 12 representations which were received in response to the consultation. These are shown in the order in which they were received and the full detail of each submission has been provided excluding any text which might reveal the identity of the respondent. Where the category of respondent could be identified this is shown in the second column. The Council response to any questions or issues raised in the representation is shown in the fourth column.

Ref	Category	Representation Received	Council Response
1	Other	Regarding option three, I thought the current site of Portobello High School was going to be developed into a new park to replace the lost greenfield space at Portobello Park. Is this not the case?	At its meeting on 25 October 2012 Council approved that once the existing Portobello High School is demolished, the remainder of the existing combined Portobello High School and St John's RC Primary School site (after making provision for the necessary increase of the site allocated for St John's RC Primary School from 0.67 hectares to 1.3 hectares) would be converted to open space. This commitment to convert 2.16 hectares of land on the combined school site into new open space was reflected in the revised planning consent for the new Portobello High School which was secured in early 2013 and also in the approach to compensatory measures which was determined in progressing the City of Edinburgh Council (Portobello Park) Act 2014.
2	Neighbour	Just a short note to confirm having read the said proposals regarding a new st johns, as an immediate neighbour the 3 <sup>rd</sup> option of new build on Portobello high s grounds would be my preferred option, subject to any effects to my property being fully considered when final design on the full project	The full consultation paper acknowledges that the potential impact on any adjacent residential properties will require careful consideration as part of the detailed design development process. The planning process will be followed in accordance with planning guidance and the usual consultation processes will be undertaken.

Ref	Category	Representation Received	Council Response
		including st johns grounds are available to me.	
3	Parent	<p>There will be many who favour the “knock it down” approach. “The rooms are too small” etc, “inappropriate for the 21st century “etc.</p> <p>As a parent who has visited the building on many occasions I would like to make the case for retaining as far as possible a reasonable proportion at least of the existing building. It might well be the case that it will require to be adapted in whole or in part by an imaginative architect but one is struck by the solidity and sound construction of the building as it stands. No modern construction will ever replicate that.</p> <p>If it is demolished simply because it is more convenient to rebuild from scratch on a flat site that would be reprehensible. There is an opportunity to produce a building which reminds pupils of the history of the institution (viz the “Boys” and “Girls” doors whilst providing by way of extension or partial demolition a modern teaching environment.</p>	<p>The reasons for favouring new build and demolishing the existing school building are not because it is more convenient to rebuild from scratch on a flat site. The main differentiating factors which are considered to be advantages of both new build options (Options 2 and 3) compared to the option involving partial refurbishment (Option 1) were set out in the full consultation paper and are as follows:</p> <ul style="list-style-type: none"> <li>• new build offers the opportunity to fully respond to the learning requirements by creating a purpose designed, brand new building that fully meets the Council’s brief for a new primary school which could better incorporate flexibility for future adaptation.</li> <li>• all the spaces created could be designed to fully meet the design brief requirements, including all room sizes and sports facilities.</li> <li>• optimum spaces and adjacencies can be achieved as it would not be necessary to work within the constraints of the structure and layout of the existing building.</li> <li>• re-using the existing building could reduce the extent of new features delivering sustainability principles which could be fully incorporated into the design e.g. natural lighting and ventilation can be more difficult to readily incorporate into elements of existing buildings.</li> <li>• either new build option would allow for the school to move directly from the old building to the new facility, with none of the educational disadvantages associated with a major</li> </ul>



Ref	Category	Representation Received	Council Response
			<p>decant including the more limited learning environment that could be achieved in temporary buildings. This advantage is less relevant for option 2 which involves the requirement for limited decant accommodation to be provided.</p> <p>In addition, both the net capital cost and the net total overall cost to the Council for the partial refurbishment option (Option 1) would be considerably higher than either of the new build options largely due to the significant cost associated with providing the extensive decant accommodation which option 1 would necessitate.</p> <p>However, the desire to transfer elements of 'identity and history' in moving from old accommodation to new is something which has been considered in many previous projects. We have often been able to incorporate elements of an old school building into the new and have taken the opportunity to reflect the school's ethos and embed their identity in design details for the new building e.g. prominent use of school badges in interior fit out. This will be considered for a new St John's RC Primary School as part of the detailed design process.</p>
4	Other	<p>On the face of it option 1 does not seem cost effective or beneficial for children or staff. More information is required to enable a judgement on 2 or 3.</p> <p>Is there any possibility of some of the existing sports facilities at Portobello High School being retained, such as the sports hall, for use by St</p>	<p>The comments relating to a preference for new build are noted and are very much in accordance with the views of Children and Families. Option 3 has the following distinct advantages when compared with option 2:</p> <ul style="list-style-type: none"> <li>• The school would not have to continue to operate alongside an active construction site.</li> <li>• There would be no restrictions on the amount of external</li> </ul>

Ref	Category	Representation Received	Council Response
		Johns with additional community access?	<p>play space available during the construction period.</p> <ul style="list-style-type: none"> <li>• No decant to temporary accommodation would be required.</li> <li>• There would be maximum flexibility regarding the configuration and design of the new building as this would not have to be restricted by having to work around the existing building.</li> <li>• It would be cheaper to deliver.</li> </ul> <p>The possibility of some of the existing sports facilities at Portobello High School being retained has previously been considered and discounted. A report to the Council meeting of <a href="#">25 October 2012</a> included the outcome of a feasibility study which considered four options for the location of a new St John's RC Primary School with details of the feasibility study being included in Appendix 6 of that report. Two of the options considered as part of this study would have involved retaining the existing gym block and were as follows:</p> <ul style="list-style-type: none"> <li>(i) Complete new build primary school and retain the existing Portobello High School gym block and associated accommodation as an independent community facility. A gym hall would still require to be provided within the new build primary school.</li> <li>(ii) Complete new build primary school but integrating the existing Portobello High School gym block directly with the new primary school building removing the necessity for a separate new gym in the primary school.</li> </ul> <p>Both of these options would have incurred significant additional costs with little or no prospect of any offsetting benefits from</p>

Ref	Category	Representation Received	Council Response
			<p>external usage and revenue and were therefore discounted. This is why neither option was included in those which were subsequently approved for public consultation by Council at its meeting on <a href="#">25 November 2012</a> and why neither featured in the consultation process.</p> <p>Consideration of either of these options now would in itself be a significant issue as having previously been discounted these were not included as options which were subject to public consultation. Were the Council to wish to consider either of these options the public consultation process would need to be undertaken again to allow the entire school and local community to consider any such proposals which would need to be fully exemplified prior to any consultation being undertaken. This would result in a very significant further delay to the delivery of the new St John's RC Primary School; would increase cost due to further cost inflation and could compromise the provision of funding support from the Scottish Government as it is their expectation that the new school will be delivered before 31 March 2018.</p> <p>At its meeting on 25 October 2012 the Council also approved that, once the existing Portobello High School was demolished, the remainder of the combined existing school site (after making provision for the necessary increase of the site allocated for St John's RC Primary School from 0.67 hectares to 1.3 hectares) would be converted to open space. This commitment to convert 2.16 hectares of land on the combined school site into new open space was reflected in the renewed planning consent for the new Portobello High School which was secured in early 2013 and also in the approach to compensatory measures which was</p>

Ref	Category	Representation Received	Council Response
			<p>determined in progressing the City of Edinburgh Council (Portobello Park) Act 2014.</p> <p>This irrevocable commitment means that any option to retain the existing games hall could only be progressed by reducing the 1.3 hectare area set aside for the new primary school to ensure that the area of open space of 2.16 hectares can be delivered. This would create a significant issue as the Council has already approved that an area of 1.3 hectares be set aside solely for the new primary school. The existing Portobello High School gym block is not a small facility so under any of the options retaining this facility would encroach significantly into this 1.3 hectare area, essentially leading to the Council's commitment being significantly eroded.</p> <p>It should also be noted that, while St John's RC Primary School will enjoy a larger site than it currently has, the 1.3ha area as approved is not in itself excessive. The size of site for any new (or replacement) school is prescribed in the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 and the 1973 and 1979 amendments to those regulations. For a new St John's RC Primary School, with a primary school capacity of 462 and capacity for a further 40 pupils in the nursery, the total site size should be 1.9ha comprising two elements for which the appropriate sizes are defined separately:</p> <ol style="list-style-type: none"> <li>1. A main school site on which the actual school buildings are located of not less than 1.3ha; and</li> <li>2. An area for playing fields of not less than 0.6ha.</li> </ol> <p>The regulations do not actually require that playing fields (or pitches) are adjacent to the actual school building but that they</p>

Ref	Category	Representation Received	Council Response
			<p>are <i>available</i> to the school i.e. could be elsewhere and off-site. In Edinburgh there are many schools where the maximum areas for playing fields are not met however the Council complies with the regulations by virtue of the extensive alternative pitch provision which is available to schools throughout the city. Taking the area of such off-site facilities into consideration the site area of 1.3ha which has been identified for each of the three options which were subject to public consultation meets the minimum requirement.</p> <p>If the existing gym block was retained and integrated into the design of the new primary school there <i>may</i> be an argument that the required site size was still being met however if this was retained as a stand alone facility, and not part of the primary school, by having to further accommodate the considerable footprint of the existing gym block the size of the site remaining for the new primary school would not meet the requirement prescribed in the School Premises (General Requirements and Standards) (Scotland) Regulations 1967 and the 1973 and 1979 amendments to those regulations. In certain circumstances, a smaller site area for either element under the regulations can be provided with the consent of the Scottish Government subject to it being agreed that it would be impractical or unreasonable to apply the standards within the legislation. It is not considered that such an exemption would apply in these circumstances.</p> <p>There are further significant issues relating to either one or both of the two potential options which would involve retaining part of the existing high school PE facilities:</p> <ul style="list-style-type: none"> <li>• The scale and mass of the exiting sports building, if it were</li> </ul>

Ref	Category	Representation Received	Council Response
			<p>to remain, would dominate the new primary school within the site.</p> <ul style="list-style-type: none"> <li>• The existing sports complex is very significant and the gym spaces in it are far larger than those we would provide in a new primary school. There would be significant issues with acoustics in such large spaces which would be unsuitable for primary school use therefore a new gym/assembly space may still need to be delivered in the new St John's RC Primary School building to accommodate specific primary school uses and requirements.</li> <li>• There are issues regarding ongoing running costs and the management of any facilities were they to be retained and if they would actually be widely used as a community sports hub given that the Council is delivering brand new, state of the art facilities at the new Portobello High School which is less than ten minutes walk away.</li> <li>• There may be issues regarding the adequacy of parking were this to be considered for use as a community sports hub as it is intended that only 16 spaces would be provided at the new primary school (for primary school use) as opposed to the extensive car parking which is currently available at the existing high school and will be available at the new Portobello High School.</li> <li>• By having to either work around, or integrate with, a very large existing building this would inevitably result in very significant compromises in the location and design of the new primary school and many of the differentiating factors which were considered to be the distinct advantages of</li> </ul>

Ref	Category	Representation Received	Council Response
			<p>option 3 within the current consultation would be either significantly diminished or removed entirely. It would also extend the time taken to deliver the new primary school.</p> <p>For the reasons set out above the retention of the existing high school gym facilities has been discounted. Not only would this be more expensive, and take considerably longer, to deliver it would result in significant compromises having to be made in the design of, and space available to, the new St John's RC Primary School.</p>
5	Neighbour	<p>As a resident of Hamilton Drive whose back garden wall is the current wall of Portobello High School car park I would like to make the following points with regard to the above consultation. I appreciate that these may be better considered during the planning consultation should option 3 be the agreed option for the new school.</p> <p>Option 3</p> <ul style="list-style-type: none"> <li>• Ground level on the current Portobello High school car park site is significantly higher than the residential gardens which it shares the boundary wall with on Hamilton Drive. As its current status is a car park it does not have a significant impact on residents. This is however a concern if a building was to be considered at the bottom end of the plot as it would have a significant impact on light and noise for the residents of Hamilton Drive.</li> </ul>	<p>The full consultation paper acknowledges that the potential impact on any adjacent residential properties will require careful consideration as part of the detailed design development process and the points raised by the respondent will be taken into account in that process. The planning process will be followed in accordance with planning guidance and the usual consultation processes will be undertaken.</p>

Ref	Category	Representation Received	Council Response
		<ul style="list-style-type: none"> <li>• Concern over noise, light and being overlooked if the bottom end of the plot (the current PHS car park) is used for playground/all weather pitches.</li> <li>• The current primary school has an open playground policy, would the new school have the same policy? If so does this mean the playground and pitches could be used at any time of day or night? This would cause concern over noise and potential lighting for those properties who will share the playground/pitches boundary wall.</li> </ul> <p>I am happy to discuss further if required and look forward to hearing from you.</p>	
6	Parent	<p>My son is currently a pupil at St Johns primary school, the most recent school newsletter has asked parents to email you with regards to our views on the current proposals for a new school.</p> <p>I think that option 3 (complete rebuild on the site of the old portobello high school) is the only suitable proposal. My reasoning behind this is because it is the cheapest option, the one that would cause the least/no disruption to pupils and will at the end of the day provide by far the best possible learning environment for children.</p> <p>I hope that this assists you with your final decision regarding this and look forward to hearing the</p>	<p>The comments are noted and are very much in accordance with the views of Children and Families.</p>



Ref	Category	Representation Received	Council Response
		outcome.	
7	Other	<p>Looking at the options for the future location of St John's, I think the best outcome for the school would be Option 3.</p> <p>Option 1 isn't attractive. A phased refurbishment and extension would be disruptive, as would a decant, and the additional expense is hard to justify when the end result wouldn't provide better facilities, and could possibly provide a inferior accommodation compared to a purpose built modern school. Bringing a 1920's building up to the level of energy efficiency desirable today can be challenging.</p> <p>Option 2 is preferable, but my concern would be the design being compromised by having to work around the existing school. The close proximity could also prove disruptive during construction.</p> <p>Option 3 provides the opportunity for accommodation that meets modern educational needs, to modern standards of energy efficiency and sustainability, without the potential constraints and compromises that undermine Options 1 &amp; 2. That it's the least disruptive and least expensive option are additional factors in its favour.</p>	The comments are noted and are very much in accordance with the views of Children and Families.
8	Head Teacher	Views of St John's staff and pupils on the proposed new school	The comments are noted and are very much in accordance with the views of Children and Families.

Ref	Category	Representation Received	Council Response
	(on behalf of staff and pupils)	<p>Staff are extremely positive about the proposal to build a new St John's, after many years of discussion and also of working in extremely challenging circumstances, it appears that finally, all of us will be able to work in a purpose built school which will meet the needs of pupils' education in the 21st Century. We are keen to be involved in the planning process and all stakeholders are willing to contribute.</p> <p>Reflecting on the 3 Options, the most attractive option is the Council's preferred Option 3, which would not involve a decant and would ensure that we would be able to operate as normal for the next 4 years. We would also hope that elements of the existing garden area would be able to be incorporated into the new build. In addition, that the new St John's would be on course in the projected timescale of March 2018</p> <p>In relation to pupils' views, the proposals have been shared through the assembly and also with the existing Pupil Councillors from P4-7 (16 pupils in total). Whilst they have a great attachment and fondness for the current building, their view is that in Option 3 there would be improved facilities for learning. The pupils are aware that they will not be attending St John's when the new building is finally opened but are excited at the prospect of having improved facilities for the future.</p>	<p>As the key stakeholder the school will be fully engaged in the design and layout of the new facilities, internally and externally and, as with other school building projects, pupils will have an important role in giving their input and perspective in shaping the design.</p>

Ref	Category	Representation Received	Council Response
9	Staff	<p>As a member of staff at St John's I feel I would like to share my thoughts about the planned new school and the present consultation regarding the options on offer for our new facility.</p> <p>I have an emotional attachment to St John's as a staff member and as a former pupil. I have, however, no emotional attachment to the building we presently operate within. I believe strongly in the work we do in our school and the dedication of so many staff to provide the best experience possible for the children we teach. We continue to do this despite the restrictions created by our present environment and the thought of a purpose built school which can fulfil many of our present inadequacies is very positive. This means I am not in favour of option 1.</p> <p>I'm also concerned about the possible disruption which could be caused by building around the present site and the loss of most of our playground for the duration of the build and for these reasons I feel strongly that option 2 is not a viable option for me.</p> <p>Therefore as a fresh build on land which does not directly impact on our present location I feel option 3 is the only viable option for our present and our future.</p> <p>Thank you for the opportunity to voice my opinion and I am excited about the next chapter in the</p>	<p>The comments are noted and are very much in accordance with the views of Children and Families.</p>

Ref	Category	Representation Received	Council Response
		history of St John's Primary.	
10	On behalf of the RC Church, Archdiocese of St Andrews and Edinburgh.	<p>We are pleased that plans are now underway to progress the building of the new school in that consultations are taking place on the location of the new building. It is some 9 years since plans were first put forward for the new building but there were, of course, unfortunate delays.</p> <p>We note that there are three options proposed for the requirements of the 14 class primary and nursery accommodation. After discussion, on balance it would seem that <b>OPTION 3</b> would best serve the needs of the St John's Primary School community in the long term. This new build on part of the Portobello High School site would, of course, have the disadvantage that building could not start until the High School vacates the site and demolition takes place but it is noted that the estimated timescale is not the longest and there may be opportunity for shortening the time taken. It would seem that the feasibility work done by the Council's Internal Design Team is stating that option 3 would be the least disruptive for existing pupils as the construction could take place in a single phase and no decant would be needed during the construction. There would still be the same amount of play space available. It is for these reasons that we would support this option.</p> <p>Since the new building is estimated not to be</p>	<p>The comments are noted and are very much in accordance with the views of Children and Families.</p> <p>The Council is very much committed to the continued support of St John's RC Primary School in delivering the best possible education for their pupils in the current building until the new school is available.</p>

Ref	Category	Representation Received	Council Response
		completed until March 2018, this still means that existing and future pupils will be educated in a building which has been struggling for some time to meet their needs. It is presumed that efforts will continue to be made to ensure that the present school continues to be helped in as many ways as possible to provide the excellent well-attested standard of education of which it is justifiably proud.	
11	Parent	I just wanted to say that my preference for the rebuild is option 2 a complete rebuild on the existing site. Whilst I appreciate it would be nice to keep the old frontage of the current school this gives restrictions to the design and planning of the new school. I think our children deserve the best school they can possibly get and I feel this can be best achieved under option 2.	<p>The comments relating to a preference for new build are noted and are very much in accordance with the views of Children and Families. However, option 3 has the following distinct advantages when compared with option 2:</p> <ul style="list-style-type: none"> <li>• The school would not have to continue to operate alongside an active construction site.</li> <li>• There would be no restrictions on the amount of external play space available during the construction period;</li> <li>• No decant to temporary accommodation would be required;</li> <li>• There would be maximum flexibility regarding the configuration and design of the new building as this would not have to be restricted by having to work around the existing building;</li> <li>• It would be cheaper to deliver.</li> </ul>
12	Parent	As a parent enrolling my daughter into st Johns for next year I have had a look at the proposal for the new school. Option 3 of a completely new school not hindered or curtailed by the existing one is by	The comments are noted and are very much in accordance with the views of Children and Families.

Ref	Category	Representation Received	Council Response
		<p>far the better one. It is better to have a construction/architectural project concerned with making the best possible education space from scratch than to one trying to do the same but with the hindrance of having to harmonising with or wrap it's self around an old building. Disruption to the schooling is kept to a minimum during construction which must be the biggest consideration when dealing with a project which could last a third or longer of a child's primary education.</p>	

# APPENDIX 4

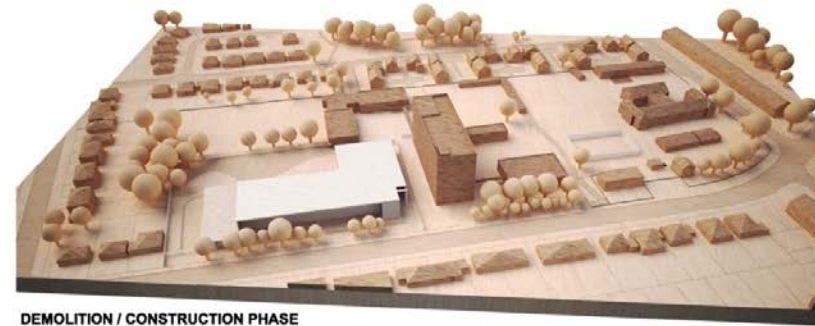
## Option to build on existing Portobello High School Site – Indicative Site Plan and Images



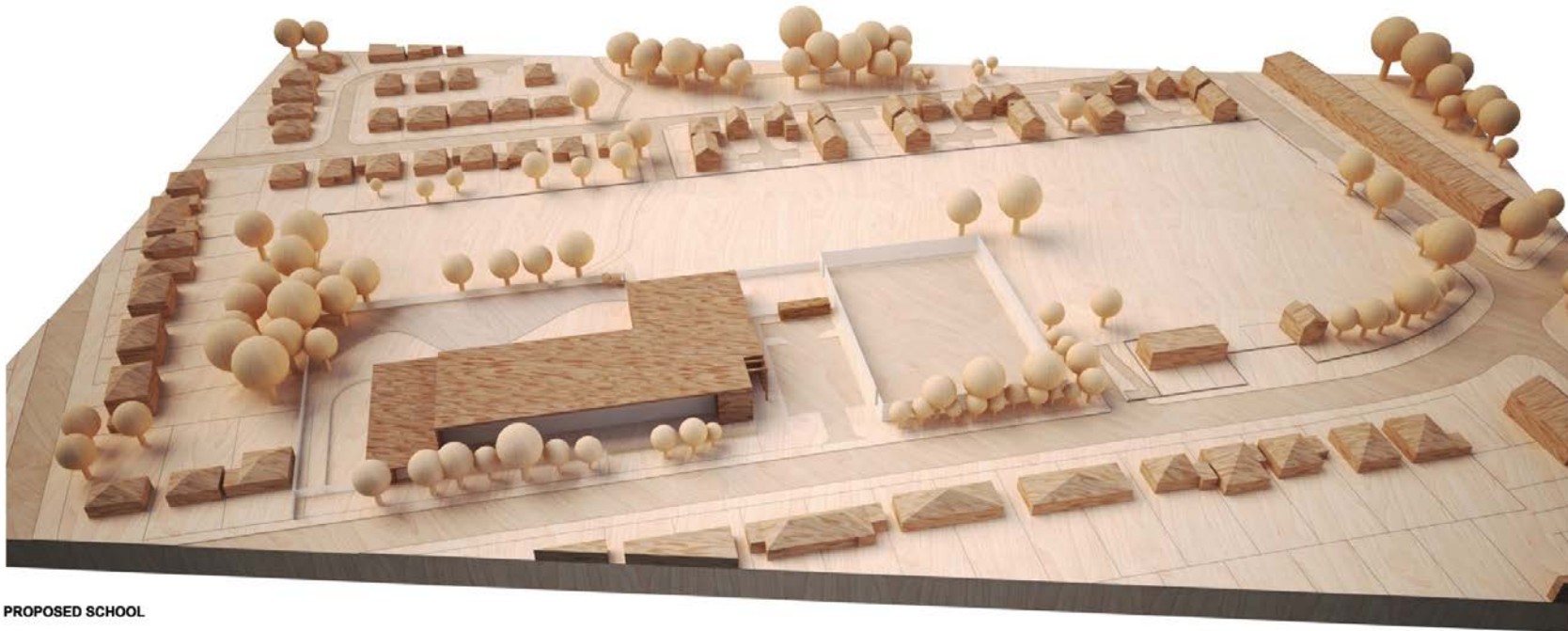




EXISTING SCHOOL



DEMOLITION / CONSTRUCTION PHASE



PROPOSED SCHOOL

**St Johns Primary School**  
3410.109 Images





10am, Thursday, 11 December 2014

## Future Investment in Public Transport – Potential tram Extension

Item number	8.9
Report number	
Executive/routine	
Wards	11 – City Centre and Leith

### Executive summary

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Over the next decade Edinburgh's population is expected to increase more than anywhere else in Scotland. As part of the Council's commitment to work towards a thriving, sustainable Edinburgh, there is a strong focus on establishing an integrated public transport network for the Capital, alongside encouraging and promoting active travel and catering to the needs of all road users.

A sustainable approach to planning public transport investment is essential. The case for trams should be considered as part of this broader sustainable approach by virtue of the potential to connect different parts of the city and to move large quantities of people, whilst enhancing the city's environment. This report sets out the context for possible future investment in tram taking account of integration with other major projects including the St James Quarter redevelopment and the Leith Programme.

Authority from the Council is sought for officers to prepare a report back to Council in late spring 2015 would include an updated tram business and financial case including cost estimates, an integrated design and outline delivery programme.

### Links

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Coalition pledges	<a href="#">P18</a> , <a href="#">P19</a> , <a href="#">P45</a> , <a href="#">P46</a> , <a href="#">P50</a>
Council outcomes	<a href="#">CO7</a> , <a href="#">CO8</a> , <a href="#">CO22</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Future Investment in Public Transport – Potential Tram Extension

### Recommendations

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- 1.1 It is recommended that the Council:
  - 1.1.1 notes that investment in public transport and active travel is a key enabler in supporting and sustaining the anticipated growth in the capital city, and is a catalyst in driving economic development and employment opportunities in Edinburgh;
  - 1.1.2 notes against this background and context that it may be appropriate at this time to consider the implications of extensions to the current Edinburgh Tram network and further integration opportunities with other public transport companies, including bus and rail operators.
  - 1.1.3 notes the expiry dates associated with certain powers as set out in the Edinburgh Tram (Line One) and (Line Two) Acts (2006);
  - 1.1.4 acknowledges the requirement for further design work and ground investigation survey work to integrate any future extensions to the tram network with the St James Quarter redevelopment and the Leith Programme projects;
  - 1.1.5 authorises officers to prepare a detailed assessment into the financial, business case, procurement and programme implications of extending the tram network and to report back to the Council on these matters in late spring 2015;
  - 1.1.6 approves the establishment of an officer-led Project Board, chaired by the Chief Executive, to monitor the assessment process and take into account the lessons learned from the former tram project; and
  - 1.1.7 delegates authority to the Director of Services for Communities to procure consultants as necessary without further authorisation by the Finances and Resources Committee, to assist in the preparation of the business plan and design work which will inform the future report to Council.

## Background

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- 2.1 Between 2001 and 2011, and despite the global economic downturn experienced over the past five or six years, the latest population projections for Edinburgh envisage a continuation of the city's recent growth. Over the next decade Edinburgh is expected to be home to a faster growing population than anywhere else in Scotland. The National Records of Scotland 2012 based projections suggest that the city should be planning for an additional 54,400 people up to 2022 and an additional 136,400 by 2037, taking the total population from 482,600 to 619,000 over a 25 year period.
- 2.2 The recent trend towards smaller households is expected to continue, especially as the economy improves, resulting in the number of households rising even more rapidly than the overall population. By 2022, the projection is that the number of households in the city will increase by 15%, from 224,900 to 258,600. By 2037, this could reach as much as 313,000 – an increase of 39%. To put these figures into perspective, if recent trends continue, the number of additional households in Edinburgh over the decade to 2022 will not be far short of the current total households in neighbouring Midlothian.
- 2.3 Figure 1, presented in Appendix A, is an extract from the 2011 Census and demonstrates that Leith has some of the highest local population densities not only in Scotland but in the UK. The Census results also demonstrate that there has been a move back to city centre living in Edinburgh, with more people now living in and around the city centre than at any point since the 1970s.
- 2.4 The wards of Leith and Leith Walk had a combined population as of 2011 of 56,798 and a combined area of 775 hectares, representing a population density of 73.3 persons per hectare (compared to 18.1 persons per hectare for Edinburgh as a whole). Leith Walk is particularly densely populated, with 123.5 residents per hectare. 51% of households in Leith and Leith Walk (54% in Leith Walk alone) do not own cars (compared to 39% for Edinburgh as a whole). Residential property rents in the EH6 postcode area (Leith) are among the lowest in Edinburgh.
- 2.5 Edinburgh is a major employment hub which attracts a workforce from within the city and from surrounding areas. The city's economy has been relatively resilient during the economic downturn and is set to grow strongly as economic conditions improve. The latest 'central' forecast from Oxford Economics predicts that total employment in the city will grow by 7.6% between 2013 and 2022 (from 324,900 to 349,700).
- 2.6 The expected population growth in the city is not limited to north Edinburgh, and as other parts of the city develop and opportunities for investment begin to crystallise, there will be a requirement to manage this growth in a sustainable way, and recognise the need to identify and safeguard public transport corridors to link key nodes in the city.

- 2.7 The development of the Edinburgh Tram Network as envisaged by the Edinburgh Tram (Line One & Line Two) Acts 2006, was at that time, part of the development of a wider sustainable transport policy for Edinburgh. Other measures included the managed development of the bus network potentially including bus only routes, the expansion of park and ride sites, the promotion of active transport (walking and cycling), moves towards low emission and electric vehicles and the use of intelligent transport management systems (e.g the Bus tracker system and mobile device apps) to aid personalised journey planning.
- 2.8 Without such measures, the city is likely to experience congestion difficulties as it grows over time. As part of this broader sustainable approach, trams could provide significant benefits to Edinburgh from an economic, social, accessibility and environmental viewpoint by virtue of the ability to move large quantities of people across the city, whilst minimising the adverse impact on the city's environment.
- 2.9 Improved accessibility and access to public transport has the potential to reduce social isolation for the economically disadvantaged. This could lead to improved quality of life for older people and those with a disability, and assist in achieving positive health and social care outcomes.
- 2.10 The current tram line runs from Edinburgh Airport to a temporary tram stop at York Place. This involves 14km of tramway accommodating a mix of off-street running and dedicated and shared sections on-street. Civil engineering construction was completed in October 2013 and systems and control works were finished in March 2014.
- 2.11 Tram passenger services commenced on 31 May 2014, and in the six months since commencement of passenger operations, patronage numbers have been in line with business case expectations.
- 2.12 Over this same period, Lothian Buses have also seen a year on year rise in passenger numbers, which is encouraging to note and would suggest that public transport usage in Edinburgh is on the increase.

### **Planning Context**

- 2.13 The spatial strategies of the adopted Edinburgh City Local Plan and the emerging Edinburgh Local Development Plan direct most of the planned growth of the city to four strategic development areas. These are all connected by a network of potential tram lines. This can be seen from the Spatial Strategy summary diagram (Figure 2, Appendix A) of the second proposed Local Development Plan (June 2014).
- 2.14 The Local Development Plan prioritises housing delivery on brownfield sites, in particular those in the waterfront areas of Leith and Granton. Completion of the tram connection to these areas would help boost that delivery. In addition, Leith is one of the defined strategic business centres to which major office development is directed, and a location with significant employment land potential.

- 2.15 The Local Development Plan strategy for retail centres prioritises the city centre, including St James, and Leith Walk, as well as defined commercial centres, including Ocean Terminal, Cameron Toll and Fort Kinnaird.
- 2.16 The Local Development Plan also identifies the importance of Edinburgh BioQuarter as a centre of growth, and the ongoing regeneration of Craigmillar and its expansion at Greendykes.

### **Economic Development Context**

- 2.17 There is evidence from other UK cities, where tram systems have been constructed, to support the conclusion that this form of investment in public transport leads to the realisation of economic development and regeneration benefits.
- 2.18 The population growth outlined in paragraphs 2.1 to 2.4 suggests that Leith and Leith Walk could benefit from a high capacity fixed link public transport service due to its exceptionally high density and levels of non-car ownership.
- 2.19 Intelligence from Edinburgh commercial property agents indicates that Leith can be perceived as “remote” by occupiers. The extension of the tram line could address these perceptions, making Leith a more attractive location to both residents and visitors and encouraging additional development. It would send a strong signal to developers and help to boost confidence.

### **Transport Policy Context**

- 2.20 Edinburgh’s Local Transport Strategy (LTS) 2014 to 2019 sets out transport policies and actions for the next five years that will contribute to the Council’s vision of Edinburgh as a thriving, successful and sustainable capital city.
- 2.21 The LTS seeks to build on increases in the proportion of travel in the city made on foot, by bike and by public transport over the past decade and more. These more sustainable forms of transport provide the key to enabling further growth whilst maintaining and improving the city’s quality of life. This is because of their efficient use of space, low environmental impact, health benefits and inclusiveness.
- 2.22 Tram is a new component of the city’s transport hierarchy. However its distinctive features mean that it has the potential to contribute to an integrated sustainable transport system for the city:
- High capacity – the ability to move even larger numbers of people than buses, taking up less roadspace than the equivalent capacity of buses;
  - A quiet and smooth travel experience;
  - Where segregated from other traffic, high speed and very good acceleration and braking characteristics;
  - Predictably level and step free access and fully DDA compliant; and
  - 100% electric traction with associated local environmental benefits.

- 2.23 The Airport to York Place route is already contributing to travel in the city. However the tram's attributes could make it suitable for extension to other key movement corridors in the city.
- 2.24 Although powers are not available to construct tram extensions into areas not covered by the Tram Acts at this time, there could be the opportunity to promote public transport priority along identified routes in key development or activity nodes in the city.
- 2.25 This could take the form of traditional bus lanes in its simplest form, through to Bus Rapid Transit which would operate on segregated sections of road way as a possible precursor to tram construction. This type of phased approach was adopted on the 'Fastlink' scheme through Saughton and Broomhouse, and specific parliamentary powers are not required to promote these types of projects.
- 2.26 A key feature of the relationship between Edinburgh Trams and Lothian Buses operating under Transport for Edinburgh (TfE), enables operational decisions to be made in respect of the integrated service provision between trams and buses, in order to maximise the efficiency and availability of services for passengers between the two modes.
- 2.27 In essence, the further the tramway extends into other parts of the city, the greater the prospect of achieving full integration and interchange opportunities so that bus services can start to be rationalised along tram corridors.
- 2.28 Opportunities to partner with other modes of transport more actively, for example, integrated through-ticketing with train services and the airlines are part of the wider portfolio of measures that could be promoted by TfE.
- 2.29 Against the background of the anticipated population growth in Edinburgh and Council policy driving a move towards sustainability and an improved environment and quality of life for those people living, working and visiting the capital city, there is merit in reviewing the possibility of extending the tram network beyond the current tram stop at York Place, and assessing if there is a robust case at this time to invest in future public transport provision.

## Main report

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### Availability of Parliamentary Powers

- 3.1 The Edinburgh Tram (Line One) Act defines a route accommodating Princes Street, Leith Walk, Leith Docks, Newhaven and Granton, looping back towards the city via an off-street section following the disused railway line between Granton and Roseburn and joining the existing route at Russell Road Bridge.
- 3.2 The (Line Two) Act overlaps Line One from the city centre and follows a route adjacent to the Edinburgh/Glasgow railway line to Edinburgh Park, then north towards Edinburgh Airport, with a spur line heading west towards Newbridge.

- 3.3 The existing tramway between Edinburgh Airport and York Place represents part of the section of the tram network identified under the Tram Acts and was delivered under the INFRACO Contract (Bilfinger Berger & Siemens) as infrastructure and systems provider and CAF as tram manufacturer, as reported to Council in August 2011.
- 3.4 The construction element of this contract is now complete, maintenance contracts are in place for both the infrastructure and the tram vehicles, as reported to Council on 25 September 2014, and an agreement is in place with Edinburgh Trams to operate the service.
- 3.5 The Council retains powers under both Tram Acts to acquire land under compulsory purchase powers and to commence construction on new sections of tramway. The expiry of these powers are set out in Table 1 below:

**Table 1: Expiry of Tram Act Powers**

<b>Edinburgh Tram Acts (2006)</b>	<b>Powers to Acquire Land Expiry Date under Section 40(1)</b>	<b>Powers to Commence Construction Expiry Date under Section 74</b>
Line One	7 May 2016	March 2021
Line Two	26 April 2021	March 2026

- 3.6 With reference to Edinburgh Tram (Line One), the Council has already acquired, or has agreements in place to acquire sufficient land so that the tram line may be constructed as far as the proposed Newhaven Tram Stop, previously reported to the Council as Phase 1a. It should, however, be noted that the design of the section of tramline from York Place to Newhaven is presently incomplete.
- 3.7 The Council has not exercised its compulsory purchase powers for Phase 1b (Granton to Russell Road Bridge), Phase 2 (an alignment linking Granton to Newhaven along the Firth of Forth sea wall) or Phase 3 (Ingliston Spur to Newbridge).
- 3.8 Should the decision be made to pursue these routes under the existing Acts, then the Council would need to serve notices of its intention to compulsorily purchase the necessary land by 7 May 2016 for Line One and 26 April 2021 for Line Two. This process is undertaken using the General Vesting Declaration, a form of Compulsory Purchase Order.
- 3.9 The majority of the land identified for Phases 1b and 2, is already held within the Council's property account, but for Phase 3 (Ingliston to Newbridge) there are multiple individual landowners to consider.
- 3.10 With regard to the Council's ability to exercise powers to complete the tram network, the design of Phases 1b, 2 and 3 are in various states of preliminary development. Only the Phase 1b element was included within the INFRACO contract design scope and this has been submitted for technical approval. The

design for Phases 2 and 3 are outline only, as submitted with the Private Bills. The work still required to complete the design of these phases is significant.

- 3.11 Further opportunities to extend the tram system into other parts of the city would require the consent of the Scottish Ministers under a Transport and Works Act (Scotland) 2007 (TAWS) submission. The requirements of this process are set out in Appendix B.

**Features of the existing tram route design (Phase 1a)**

- 3.11 The original design package prepared as part of the INFRACO contract with Bilfinger Berger & Siemens and their designer Parsons Brinkerhoff, envisages the tramway picking up from the temporary tram stop on York Place then passing through a modified Picardy Place junction, and heading north into Leith Walk, Constitution Street, Ocean Drive and terminating at Newhaven, adjacent to Lindsay Road.
- 3.12 This design incorporates a twin track alignment which runs generally along the central reserve of Leith Walk in lanes shared with buses and taxis (except at tram stops) but segregated from other traffic. General traffic lanes are provided to either side of the tram tracks to facilitate two-way traffic flow.
- 3.13 There would be tram stops on Leith Walk in the vicinity of McDonald Road and Balfour Street and these tram stops are designed as island platforms (similar to Princes Street) with tracks passing on either side of the platform.
- 3.14 The route continues into Constitution Street, where the section between Foot of the Walk and Laurie Street accommodates a tram stop, and given the space constraints between the buildings, this would be a tram/bus only area.
- 3.15 The route then follows Constitution Street running in shared traffic lanes to a tram stop at Bernard Street, then onto Ocean Drive where tram stops would be provided adjacent to the Casino (Port of Leith Tram Stop) and at Ocean Terminal before the route follows a dedicated tram only alignment, rising from the Old Port Road to the terminal (Newhaven tram stop) adjacent to Lindsay Road.
- 3.16 This design package has undergone considerable consultation through 2009/10 and received technical approval, and at that time prior approval, from the Roads and Planning Authority respectively.
- 3.17 It is noted that the prior approvals have since lapsed as these were time limited, and would therefore require to be resubmitted.
- 3.18 As mentioned, the design from York Place to Newhaven is currently incomplete and would require to be completed to issue for construction stage.
- 3.19 A Traffic Regulation Order (Tram TRO1), approved by Council in November 2010 covered the full extent of Phase 1a. However, any changes to the kerbside measures would require the TRO to be amended and re-submitted for the remainder of Phase 1a to Newhaven.



- 3.20 It is noted that the necessary building fixing consents for the overhead line equipment installation between Foot of the Walk and Newhaven are all in place. These are not time limited agreements.
- 3.21 In addition to the significant level of utility diversions that have already been undertaken between Picardy Place and Newhaven, construction works have also been completed on the Tower Place and Victoria Dock Bridges, as well as the partial construction of the Lindsay Road retaining wall. A considerable stock of construction materials (rail, sleepers, cabling, overhead line poles and various mechanical and electrical components etc) have already been delivered and are in Council possession.

### **Integration with Other Projects**

- 3.22 With the St James Quarter redevelopment, there will be a requirement to modify the roads layout and public realm space in the vicinity of Picardy Place/York Place and Leith Street. This provides an opportunity to examine ways of ensuring that works carried out for the St James Quarter redevelopment take account of the requirements of a potential future tram stop and alignment, to mitigate the risk of abortive works.
- 3.23 In order to accommodate both forecast traffic and traffic generated from the redeveloped St James Centre, it will be necessary to reconfigure the current roundabout layout at Picardy Place.
- 3.24 The design of this transport node should take into account both the geometric requirements of the track and tram stop and also the operational requirements of the tram operator.
- 3.25 The elements of the St James Quarter redevelopment public realm works should integrate with the latter phases of the Leith Programme.
- 3.26 The Leith Programme consists of around £9 million of road, footway and cycle improvements along the whole length of Constitution Street and Leith Walk (to London Road) .that will transform the character of these streets.
- 3.27 The Leith Programme design for Leith Walk, initiated before completion of the current tram line, reflects the philosophies of current national and local policies regarding best practice for street design, as contained in The Scottish Government's Designing Streets document and the Council's new Street Design Guidance.
- 3.28 It also reflects strong aspirations that arose from public and stakeholder consultation carried out for the project, for a transformational change to Leith Walk to reduce perceived traffic dominance and to balance better the needs of all users of the street. There was a particular desire for significant improvements to be made to facilities for pedestrians and for cyclists.
- 3.29 The Leith Programme, in its current form, contemplated that the best estimate of a timescale for work commencing on any tram extension on Leith Walk was 7-10 years, so the original design excluded a specific allowance for tram.

- 3.30 The programme is being delivered in a number of phases in financial years 2013/14, 2014/15 and 2015/16.
- Phase 1 (Constitution Street) Constructed April –November 2013
  - Phase 2 (Foot of the Walk to Pilrig Street) Constructed April – December 2014
  - Phase 3 (Foot of the Walk junction) Construction to commence February 2015, for 4 months
  - Phase 4 (Pilrig Street to Annandale Street) Construction to commence autumn 2015, for 6 months
  - Phase 5 (Annandale Street to Picardy Place) to be confirmed as there is significant interface with the St James Quarter redevelopment.
- 3.31 Delivery of Phases 1 and 2 of the Leith Programme are in line with the timetable published on the Leith Programme website and agreed with stakeholders.
- 3.32 The Leith Programme Oversight Group (comprising Ward 11, 12 and 13 elected members and Convener and Vice Convener of the Transport and Environment committee) has given the approval for the Phase 3 (Foot of the Walk) works to proceed as planned.
- 3.33 This position was agreed on the basis that the short term benefits arising from the improvement in the public realm in this area are a priority, and that any modifications to integrate with a possible future tram extension could follow on later.
- 3.34 However, should approval be given to investigate potential extensions to the tram network, some work would be necessary to modify Phases 4 and 5 to take account of the interface with tram (Annandale Street to Picardy Place).
- 3.35 The Leith Programme should integrate with proposals associated with the St James Quarter redevelopment as well as any future extensions to the tram system.
- 3.36 Through this integrated design process, the Leith Programme Oversight Group should consider the design approach and programme for the section of Leith Walk between Pilrig Street and Picardy Place. It was agreed to extend the Leith Programme delivery timeframe for this section when proposals for St James Quarter redevelopment came forward, to allow the Leith Programme design to influence and accommodate proposals for Picardy Place.

#### **Options to extend the tram route**

- 3.37 As set out in paragraphs 3.22 and 3.23, there is the potential to create a permanent tram stop at Picardy Place .
- 3.38 Options to consider further extensions of the route into Leith have been reviewed taking a number of broad principles under consideration:
- Implications on local residents and business;
  - Potential tram patronage;

- Operational requirements of the tram operator;
- Integration with pedestrians & other road users; and
- Integration with other projects.

### **Evaluation of extensions to the tram network**

- 3.39 The principle of extending the tram network north into Leith aligns with Council policy from a planning, transport and economic development perspective. The implications of potential extension need to be fully scrutinised and understood.
- 3.40 For this reason, authorisation is sought from the Council to undertake a detailed business case refresh exercise to update the outcomes as reported to Council in August 2011.
- 3.41 This would include a full assessment of extension options to McDonald Road and further north into Leith and Newhaven.
- 3.42 It is envisaged that this detailed assessment would take cognisance of lessons learned from the previous tram planning and construction phases, and would include, but not necessarily be limited to the following:
- Establish the most up to date and relevant planning data available for Edinburgh;
  - Refresh the tram/bus integration timetables and operating arrangements and update the tram/bus patronage forecast models in conjunction with TfE;
  - Update the TfE business plan for additional patronage and revenues against increased operating costs;
  - Interface with other projects in the area, including completing a design compatibility exercise for the St James Quarter redevelopment and Leith Programme in the context of balancing the requirements of all road users. This would include a community consultation and engagement process;
  - Undertake further surveys to confirm the extent of utilities diversion requirements for interfacing construction works;
  - Determine the outstanding design requirements and consents necessary to take a complete design package through to procurement;
  - Undertake a comprehensive costing exercise taking cognisance of the surplus materials available for use in any future extensions to the tramway;
  - Prepare a detailed cost/benefit analysis in line with Scottish Government guidance on the basis of an incremental analysis;
  - Identify and evaluate potential funding options;
  - Report on the governance, contract and risk management strategy options;
  - Report on procurement strategy taking cognisance of the existing controls, systems and technology as acquired from INFRACO and CAF to ensure compatibility together with meeting procurement and best value tests; and

- Provide an outline construction programme and communication strategy.
- 3.43 If the authorisation to progress this detailed assessment as set out above is granted, then it is envisaged that a comprehensive report will be presented to the Council in late spring 2015.
- 3.44 Against the background of the impending Edinburgh Trams Public Inquiry, it is recommended that the Future Transport Working Group, approved at the Transport & Environment Committee on 28 October 2014, in conjunction with an officer led Project Board, monitor progress on the lead up to the presentation of the spring 2015 report.

## Measures of success

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- 4.1 A robust assessment and business case that takes into account lessons learned from the previous tram project will allow elected members to make informed decisions about the future transport strategy.

## Financial impact

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- 5.1 It is envisaged that the staff resource requirements to prepare and compile the various elements of the business case refresh and cost report will be sourced across service areas, with input as necessary from external consultants and advisors.
- 5.2 It is estimated that the preparation of this suite of documents will cost up to £400,000 (covering a review of costs, an update of the business plan and design work), It is intended to resource this from the Priorities Action Fund.

## Risk, policy, compliance and governance impact

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- 6.1 The recommendations set out in this report are in alignment with the LTS and draft Local Development Plan and reflect the broader Council policy objectives of promoting development and stimulating economic activity in the city.
- 6.2 To ensure robust governance, an officer led Project Board chaired by the Chief Executive will monitor and challenge the assessment exercise, and ensure lessons learned from the previous tram project are taken into account.

## Equalities impact

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- 7.1 The proposals and recommendations described in this report could contribute to the public sector general equality duty to: (i) advance equality of opportunity. There is no distinct relevance in respect of the general duties to; (ii) eliminate unlawful discrimination, harassment and victimisation, or; (iii) foster good relations.

- 7.2 An Equalities and Rights Impact Assessment has been prepared and is available as background reference. There are no direct negative equalities or human rights impacts anticipated.

## Sustainability impact

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- 8.1 The proposed work packages will be undertaken in consideration of the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties. This aligns with the requirements of the LTS. The potential to extend the tram network aligns with and is cognisant of the requirement to reduce carbon emissions and the need to travel. In doing so, this will promote a shift to more sustainable modes of transport that will bring reduced carbon dioxide and nitrogen oxide emissions.
- 8.2 The promotion of a high capacity, high quality public transport system aligns with the LTS and draft Local Development Plan and will help achieve a sustainable Edinburgh, as both documents' actions include improving the extent of the public transport offered in Edinburgh, thus enhancing social inclusion and equality of opportunity.
- 8.3 The proposals to integrate with the St James Quarter redevelopment and Leith Programme initiatives aim to improve facilities for cyclists and pedestrians, thus promoting personal wellbeing.

## Consultation and engagement

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- 9.1 The recommendations set out in this report have been discussed with representatives of the Capital Coalition, Transport for Edinburgh, Sustrans, as well as between relevant services within the Council including Transport, Economic Development, Finance and Planning.

## Background reading/external references

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A Strategy for Jobs: The City of Edinburgh Council's Economic Strategy 2012-2017

[http://www.edinburgh.gov.uk/download/downloads/id/501/a\\_strategy\\_for\\_jobs\\_2012-17](http://www.edinburgh.gov.uk/download/downloads/id/501/a_strategy_for_jobs_2012-17)

Edinburgh City Local Plans

[http://www.edinburgh.gov.uk/downloads/download/229/edinburgh\\_city\\_local\\_plan](http://www.edinburgh.gov.uk/downloads/download/229/edinburgh_city_local_plan)

Edinburgh Local Development Plan – Proposed Plan March 2013

[http://www.edinburgh.gov.uk/download/downloads/id/122/proposed\\_local\\_development\\_plan\\_march\\_2013](http://www.edinburgh.gov.uk/download/downloads/id/122/proposed_local_development_plan_march_2013)

Local Transport Strategy 2014-2019

[http://www.edinburgh.gov.uk/info/20221/roads\\_and\\_transport/341/transport\\_policy](http://www.edinburgh.gov.uk/info/20221/roads_and_transport/341/transport_policy)

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## Links

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<b>Coalition pledges</b>	<b>P18</b> – Complete the Tram in accordance with current plans. <b>P19</b> – Keep Lothian Buses in public hands and encourage the improvement of routes and times. <b>P45</b> – Spend five per cent of the transport budget on provision for cyclists. <b>P46</b> – Consult with a view to extending current 20mph zones. <b>P50</b> – Meet greenhouse gas targets, including the national target of a 42 per cent reduction by 2020.
<b>Council outcomes</b>	<b>CO7</b> – Edinburgh draws new investment in developing regeneration <b>CO8</b> – Edinburgh’s economy creates and sustains job opportunities <b>CO22</b> – Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible.
<b>Single Outcome Agreement</b>	<b>SO1</b> – Edinburgh’s Economy Delivers increased investment, jobs and opportunities for all.
<b>Appendices</b>	Appendix A: Figures Appendix B: Transport & Works Act (Scotland) 2007 – Requirements



# Appendix A: Figures

Figure 1: Population density within an 800m radius (2011 Census)

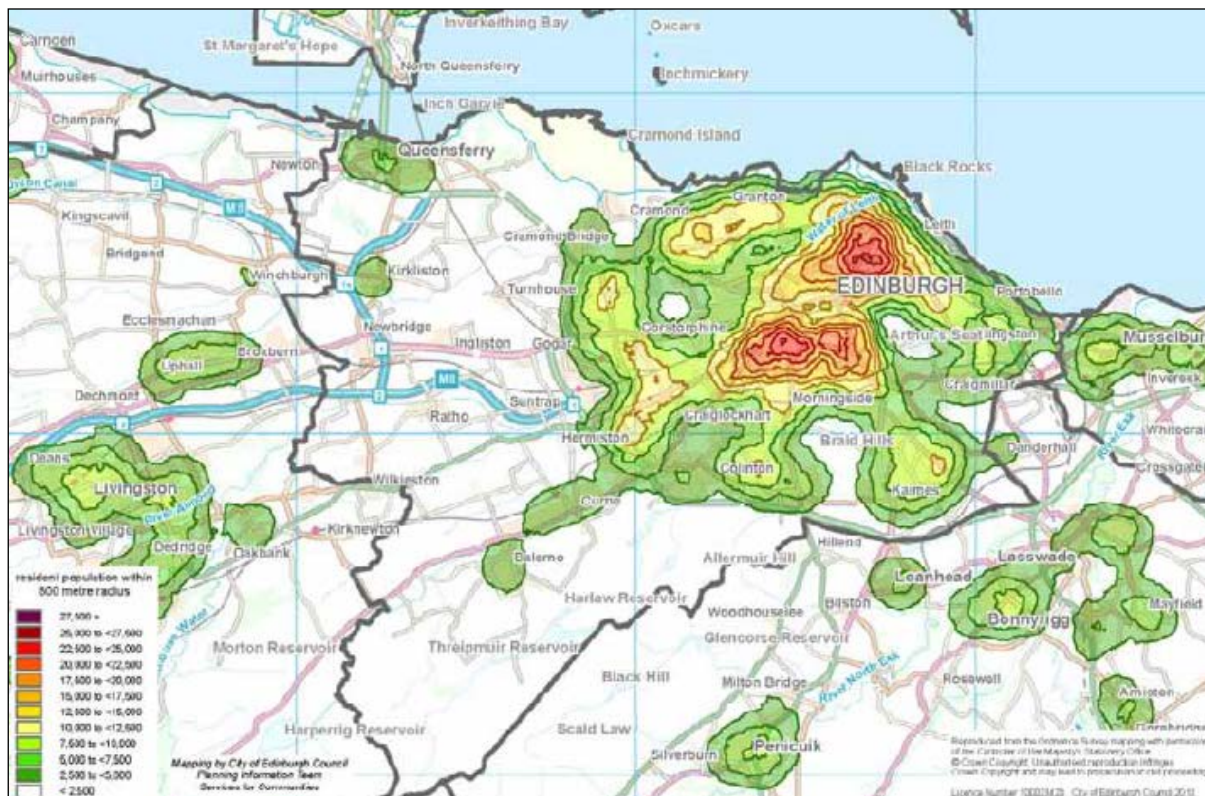
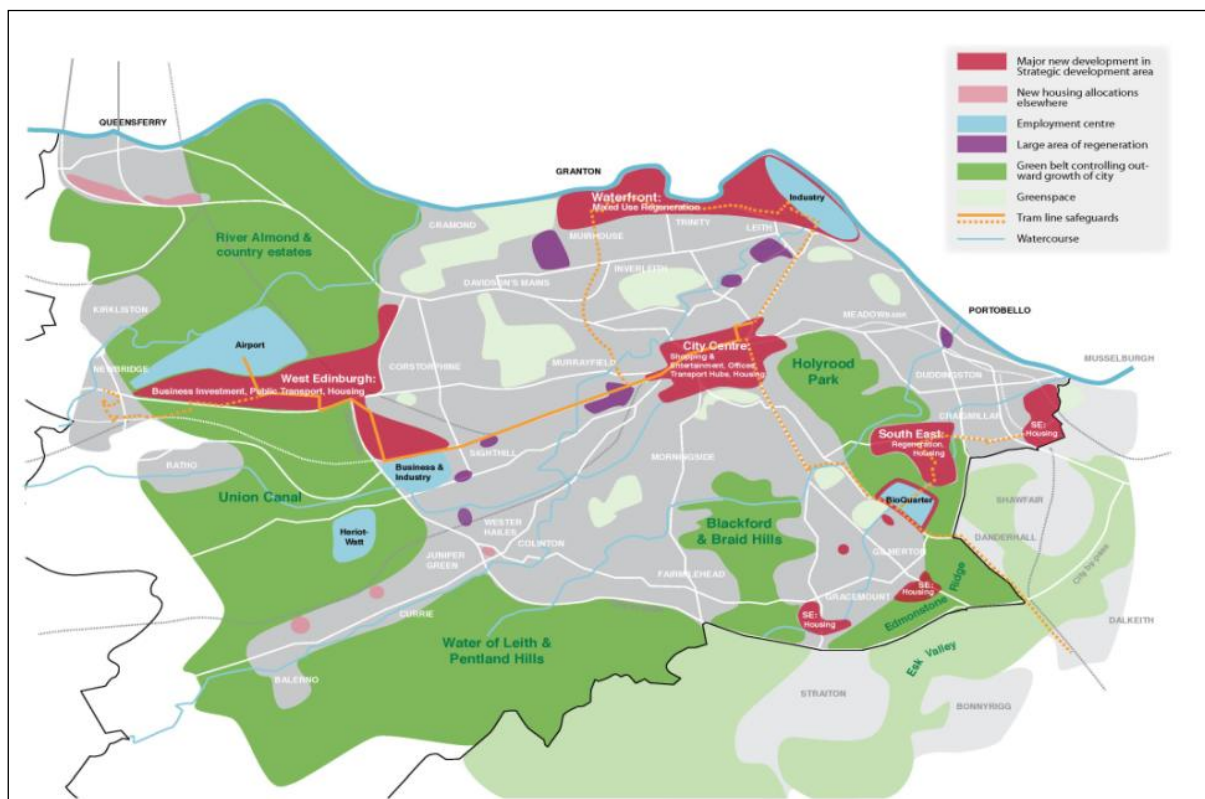


Figure 2: Spatial Strategy summary of the Second Proposed Local Development Plan (June 2014)



## **Appendix B: Transport & Works Act (Scotland) 2007 – Requirements**

- 1.1 An order made under the Transport and Works (Scotland) Act 2007 (the TAWS) is the usual way of authorising a new railway (which starts and ends in Scotland), tramway system, other forms of guided transport trolley vehicle system or inland waterway (eg canal) in Scotland. It is a new order making process which avoids the need for Private Bills for transport related developments.
- 1.2 Applications for TAWS orders are made to the Scottish Ministers. The Scottish Ministers consider each application carefully. They make decisions only after considering all the comments made, sometimes through a public inquiry. They can make TAWS orders (with or without amendments), or they can reject them.
- 1.3 The TAWS Unit's role is to assist the Scottish Ministers in the determination of orders made under the Act and ensure that procedures operate in accordance with the legislation.
- 1.4 The Transport and Works (Scotland) Act 2007 (Applications and Objections Procedure) Rules 2007 sets out the requirements and specify the typical documents needed which must be sent with an application and these are:
  - a draft order;
  - an explanatory memorandum of the draft order;
  - a memorandum setting out the aims of the proposal;
  - a statement that the proposed order is within the legislative competence of the Scottish Parliament;
  - a report summarising the consultations carried out by the applicant;
  - plans showing the location and route, if applicable, of the proposed project;
  - an environmental statement;
  - a book of reference, including names of owners and occupiers of land to be bought compulsorily/acquired;
  - the estimated expenses of the proposed works; and
  - the funding arrangements.
- 1.5 Whilst there is no set time to complete a TAWS process as this mainly depends on how complicated the proposed order is and whether a public local inquiry is held.
- 1.6 The expectation is that most applications will take less than nine months from application to decision. Given the complexity of a submission in relation to potential extensions to the Edinburgh Tram system and this being likely to generate a substantial interest, the process would be expected to take considerably longer.



# The City of Edinburgh Council

10.00am, Thursday, 11 December 2014

## Revised Member-Officer Protocol – referral from the Governance, Risk and Best Value Committee

<b>Item number</b>	8.10
<b>Report number</b>	
<b>Wards</b>	All

### [Executive summary](#)

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The Governance Risk and Best Value Committee on 13 November 2014 considered proposed revisions to the Member-Officer Protocol. The revisions clarified the rights of elected members to access information and documentation and outlined the required principles on how officers should carry out their roles. The Committee referred the revised Member-Officer Protocol to the Council for approval.

### [Links](#)

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**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**

**Appendices**      Appendix – Revised Member-Officer Protocol

# Terms of Referral

## Revised Member-Officer Protocol

### Terms of referral

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- 1.1 On 13 November 2014, the Governance, Risk and Best Value Committee considered the attached Member-Officer Protocol, which had been revised following consideration of an updated draft at Committee in August. Members had requested that section 5 of the Protocol be revised to clarify legal provisions and elected members' rights surrounding access to information and documents.
- 1.2 The revised version outlined and codified current legal provisions and arrangements to ensure all required information would be disclosed to elected members for decision-making purposes, subject to specified exemptions and in accordance with supporting procedures.
- 1.3 During discussion, elected members questioned whether paragraphs 5.8 and 5.9 were required. These paragraphs specified information which was exempt from being open to inspection by elected members who were not members of a particular meeting:
  - 1.3.1 "... information relating to former or current employees or office-holders of the local authority; former or current occupiers of accommodation provided by the local authority, applicants or recipients of local authority services or financial assistance." (Paragraph 5.8)
  - 1.3.2 "Information is also exempt if it relates to the adoption, care, fostering or education of a particular child; social work services; legal advice and the prevention, investigation or prosecution of a crime." (Paragraph 5.9)
- 1.4 The Director of Corporate Governance confirmed that these paragraphs were not necessary and agreed to remove them from the Protocol before its submission to Council for approval.
- 1.5 The Governance, Risk and Best Value Committee agreed:
  - 1.5.1 To note the revised Member-Officer Protocol.
  - 1.5.2 To refer the Protocol to Council for approval.

### For Decision/Action

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- 2.1 The Council is asked to approve the attached revised Member-Officer Protocol.

## Background reading / external references

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[Member-Officer Protocol \(December 2013\) – Current Approved Version](#)

[Update to Member-Officer Protocol – report by the Director of Corporate Governance 14 August 2014](#)

[Minute of Governance, Risk and Best Value Committee 14 August 2014](#)

[Revised Member-Officer Protocol – report by the Director of Corporate Governance 13 November 2014](#)

[Minute of Governance, Risk and Best Value Committee 13 November 2014](#)

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### Links

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**Coalition pledges**

**Council outcomes**

**Single Outcome Agreement**

**Appendices**                      Appendix - Revised Member-Officer Protocol

# City of Edinburgh Council

## Member-Officer Protocol

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## **1 INTRODUCTION AND PRINCIPLES**

- 1.1 This protocol sets out the roles and responsibilities of Elected Members ('Members') and Council officers ('Officers') to ensure clarity when carrying out their respective duties.
- 1.2 The protocol seeks to reinforce the principles outlined in the Councillors' Code of Conduct (the 'Code') which apply to Members and Officers. This protocol complements but does not replace any duties laid out in the Code.
- 1.3 The Code states that Members and Officers "should work in an atmosphere of mutual trust and respect, with neither party seeking to take unfair advantage of their position."
- 1.4 The Code highlights that both Members and Officers serve the public but have separate responsibilities. Members are responsible to the electorate and the employee responsible to the Council as his or her employer.

## **2 ROLE OF MEMBERS**

- 2.1 The role of Members includes:
  - 2.1.1 providing strategic leadership;
  - 2.1.2 determining policy aims and objectives but not engaging in direct operational management of Council services;
  - 2.1.3 taking decisions not delegated to Officers;
  - 2.1.4 reviewing and scrutinising the Council's performance;
  - 2.1.5 assisting constituents, as required, in their dealings with the Council;
  - 2.1.6 representing and advocating the interests of their wards in Council decision making; and
  - 2.1.7 representing the Council in partnership arrangements, civic society and on outside organisations.

### **Conveners**

- 2.2 Members who are conveners/vice conveners of committees will have increased contact with senior Officers. It is important that this is a close working relationship, but it should not be so close that Members or Officers are unable to deal with one another impartially.
- 2.3 The convener of a committee will be consulted on the agenda and often on the reports of the committee they chair. The Officer whose name the report has been submitted under is fully responsible for the contents of that report. Officers should listen to the views of conveners, but ultimately Officers retain final responsibility for a report's contents.
- 2.4 Officers have the right to submit reports to committees/sub-committees on areas within their service.

- 2.5 When Members of a Committee meet with senior Officers for an agenda planning meeting ('APM') or pre-meeting the following points should be noted:
- 2.5.1 the meeting may consider reports in their draft form;
  - 2.5.2 the meeting is not empowered to make decisions on behalf of the Council; and
  - 2.5.3 the provision of information and advice at such a meeting does not act as a substitute for the provision of all necessary information and advice to the Committee, for example within a report, when the matter in question is considered formally by Members.

### **3 ROLE OF OFFICERS**

- 3.1 The Chief Executive is the statutory Head of Paid Service and is responsible for managing and securing the professional body of Officers.
- 3.2 The Monitoring Officer, which is also a statutory role, is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- 3.3 Officers are employed by the Council and are accountable to it. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member.
- 3.4 Officers have a duty to follow Council policies and to implement the decisions of the Council and its committees. Officers may advise Members on matters of policy and may voice concerns in giving that advice. However, it is for Members to determine the Council's policies and Officers to act on those policies.
- 3.5 It is the duty of the Chief Executive and other senior Officers to ensure that the policies of the Council are implemented.
- 3.6 The role of all Officers in discharging their duties is to:
  - 3.6.1 act in an open, honest and transparent manner;
  - 3.6.2 implement and/or act in accordance with the policies of the Council;
  - 3.6.3 implement the decisions of Council, committees and sub-committees;
  - 3.6.4 inform Members of any decision that they cannot fully implement;
  - 3.6.5 behave in a professional manner in accordance with the Council's values;
  - 3.6.6 serve all Members, not just those of the Administration group(s);
  - 3.6.7 deal with Member enquiries efficiently and effectively;
  - 3.6.8 strive continually to comply with the Council's policies, performance management and scrutiny processes;

- 3.6.9 comply with all relevant legal, regulatory and professional requirements, taking reasonable steps to ensure they are not placed in a position where they are unable to comply; and challenge non-compliance by others raising with the appropriate management;
  - 3.6.10 fulfil any obligations to report information to relevant regulatory authorities;
  - 3.6.11 ensure good governance is followed and risk taken fully account of, and
  - 3.6.12 support Members in their role ensuring all the relevant information is disclosed to Council, committee and Members to allow them to carry out their duties and make informed decisions.
- 3.7 Some Officers have specific statutory powers and duties, for example, the Officers designated as Head of Paid Service (Chief Executive), Chief Social Work Officer and the Monitoring Officer (Director of Corporate Governance). Others, such as the Registrars of Births, Deaths and Marriages and the Council's Health and Safety at Work Inspectors, work with reference to specific statutory regimes.
- 3.8 The Council has delegated powers to the Chief Executive, directors and other Officers in order that they can act and take decisions on behalf of the Council in predetermined areas. In taking those decisions, Officers must comply with the Council's Scheme of Delegation to Officers.

#### **4 RELATIONSHIP BETWEEN MEMBERS AND OFFICERS**

- 4.1 It is important that any dealings between Members and Officers, both written and oral, should observe professional standards of courtesy.
- 4.2 The relationship between Members and Officers will be enhanced by friendly relations. However, mutual respect and the belief that Officers are providing objective professional advice to Members must not be compromised. Members and Officers should be cautious in developing close friendships.
- 4.3 To avoid reputational damage to the Council, disagreements between Members and Officers should be acknowledged and resolved in private, rather than in public or through the media.
- 4.4 The Code prohibits Members raising matters related to the conduct or capability of employees in public. They must be aware of the lines of accountability within service areas and must not apply pressure to an Officer to act in a manner contrary to the instructions of his or her line manager.
- 4.5 Officers must not allow their personal or political opinions to influence or interfere with their work. Officers should not take part, and Members should not ask Officers to take part, in any activity which could be seen as influencing support for a political party. Officer support in these circumstances must not extend beyond providing information and advice in relation to matters of Council business.
- 4.6 Officers must not be involved in advising Members on matters of party political business.

- 4.7 Officers must respect the confidentiality of any party group discussions at which they are present. They should not relay the content of any such discussion to another party group or the media. If Officers receive information which, although confidential, they have a duty to disclose elsewhere (e.g. under FOISA legislation), Officers must indicate that this is the case.
- 4.8 Both Members and Officers should adhere to the rules and regulations set by Council to manage committee business, for example, Procedural Standing Orders and Committee Terms of Reference and Delegated Functions.
- 4.9 Both Members and Officers have access to information which has not yet been made public and is still confidential. It is a betrayal of trust to breach such confidences. Confidential information must never be disclosed or used for personal or political advantage or to the disadvantage or the discredit of the Council or anyone else. The Chief Executive will instigate any appropriate investigations into actual or alleged breaches of confidence in relation to the release of confidential information.
- 4.10 Special care needs to be exercised if Officers are involved in providing information and advice to a party group meeting which includes persons who are not Members. Such persons will not be bound by the Councillors' Code of Conduct (in particular, the provisions concerning the declaration of interests and confidentiality). Officers may not be able to provide the same level of information and advice as they would to a meeting where those in attendance are bound by the provisions of the Code.
- 4.11 Some Officers are in posts which are "politically restricted" by law. This means that individual postholders are prevented from carrying out any active political role either outside or inside the Council.
- 4.12 Members should raise with the Chief Executive any concerns about the political neutrality of an Officer.
- 4.13 Officers should ensure that they provide the necessary respect and courtesy due to Members in their various roles. Equally, Members should ensure that they provide the necessary respect and courtesy due to Officers in their roles.
- 4.14 Members should not put pressure on an Officer with regard to matters which have been delegated for Officer decision under the Scheme of Delegation to Officers. Officers should be left to make decisions that:
- 4.14.1 are objective and can be accounted for; and
  - 4.14.2 are fair and consistent in their application.
- 4.15 Members should not bring influence to bear on any Officer to take any action which is contrary to law or against the Council's approved procedures, including but not limited to the following procedures:
- 4.15.1 a breach of Human Resources procedures;
  - 4.15.2 conflict with standing orders; or



4.15.3 conflicts with planning procedures and policies.

4.16 Members should respect the formal operating structures that exist in every area of the Council. Directors and Heads of Service must be the recognised first contact in their respective service areas.

4.17 Officers within a Service are accountable to their Director and Head of Service. Heads of Service and other Officers should not be expected to provide advice which may provoke conflict with their Director.

4.18 Members must declare any close personal relationships with constituents when dealing with Officers. Although Members are elected to represent the interests of their constituents, they should not seek special treatment for any individual.

## **5 ACCESS TO INFORMATION AND DOCUMENTS**

5.1 Members have a right to access information to allow them to discharge their duties. The key principle is **in favour of disclosure** and in accordance with the following legal provisions.

### **5.2 The Local Government (Scotland) Act 1973**

5.3 Elected members have statutory rights of inspection of various documents related to business to be transacted by the Council, unless the documents disclose certain types of "Exempt Information".

5.4 In terms of section 50F (1) of the Local Government (Scotland) Act 1973 (the "1973 Act") as inserted by the Local Government (Access to Information) Act 1985 (the "1985 Act"), any document which is in the possession or under the control of a local authority and contains material which relates to any business to be transacted by the authority is to be open to inspection by any member of the authority. In addition, any document which is used in proceedings at a meeting of the authority or of a committee or sub-committee of the authority whether it is statutory or non-statutory should also be open to inspection by any member of the authority.

5.5 These statutory rights of inspection are qualified by section 50F(2) which states that if it appears to the proper officer that a document discloses "Exempt Information" then the statutory rights do not apply.

5.6 Schedule 7A of the 1973 Act outlines descriptions of the kind of information which is to be considered exempt from the statutory rights of inspection. A list of categories of Exempt Information is contained at Appendix 1 to this Protocol.

5.7 Section 50F (2) of the 1973 Act provides that some information held to be exempt under the Act is still accessible to all elected members of that authority. These are the financial or business affairs of any particular person; local authority expenditure on contracts for the acquisition of property and for the supply of goods and services; the identity of the local authority as a person offering a tender for a contract for the supply of goods and services; labour relations and the identity of a protected informant.

~~5.8 Other information which is exempt from being open to inspection to those not members of that particular meeting includes information relating to former or current employees or office holders of the local authority; former or current occupiers of accommodation provided by the local authority, applicants or recipients of local authority services or financial assistance.~~

~~5.9 Information is also exempt if it relates to the adoption, care, fostering or education of a particular child; social work services; legal advice and the prevention, investigation or prosecution of a crime.~~

#### **5.105.8 Effect of being classified as Exempt Information**

~~5.115.9~~ Certain committee reports are classed as 'B-Agenda' reports because they contain Exempt Information. This is where the 'proper officer' considers that the reports are likely to be taken in private. The 'B' report should then have 'not for publication' and the exemption under Schedule 7A of the 1973 Act marked on it. The decision on whether the public should be excluded from a meeting of the Council is taken by a resolution of the Council or committee. This resolution should identify the proceedings to which it applies and state the exemption under the 1973 Act.

~~5.125.10~~ The effect of information being classified as Exempt Information is that it need not be disclosed by the Council to third parties or elected members who are not directly involved in decisions relating to that Exempt Information. It does not necessarily follow, however, that the Council is prohibited from disclosing the information to third parties or elected members simply because it is Exempt Information.

~~5.135.11~~ There are some circumstances where the Council may be prohibited from disclosure of Exempt Information for another reason – for example, because of the Council's obligations under the Data Protection Act 1998 ("DPA").

~~5.145.12~~ There are also some circumstances where, although legally permissible, it would be inadvisable for the Council to disseminate the information wider than absolutely necessary because of certain other risk factors, for example, when such dissemination may constitute a waiver to the Council's right to legal professional privilege.

~~5.155.13~~ In the case of information that is determined by the Chief Executive and/or Monitoring Officer to be legally privileged, this will be shared, on request, with the Council's Leadership Panel or equivalent with membership comprising political group leaders.

~~5.165.14~~ In the case of information that is exempt, but not determined by the Chief Executive and/or Monitoring Officer to be legally privileged, political group leaders will be **entitled** to have that information shared with them, on request. Where any political group leader feels that the information is politically important enough that it should be shared with his/her group, then he/she will be entitled to do so after having first discussed the matter with the relevant director or Chief Executive and put appropriate safeguards, if any, in place to preserve the confidentiality of this information.

## **5.175.15 Freedom of Information (Scotland) Act 2002**

**5.185.16** Elected members have the same of rights to access information in accordance with the provisions of this Act as members of the public. Members should request information they do not have ready access to from the Chief Executive or relevant director via the procedures outlined in paragraphs 5.19 to 5.22 of this Protocol.

## **5.195.17 Process of Requesting Exempt or Other Information**

**5.205.18** Members should request information they do not have ready access to from the Chief Executive or relevant director.

**5.215.19** If an officer or member has any concern over the provision of the information requested they should seek advice from the Director of Corporate Governance or Head of Legal, Risk and Compliance. However, officers should keep in mind that the principle for Member's access to information is one of disclosure and accord with the provisions of paragraphs 5.15 and 5.16 above in relation to legally privileged and exempt information.

**5.225.20** If there is a dispute between the Member and the director then the issue should be referred to the Chief Executive, who in consultation with the Monitoring Officer, will determine the matter.

## **6 THE COUNCIL AS EMPLOYER**

6.1 Officers are employed by the Council and are governed by contracts of employment and Council policies and procedures. The Council has a duty of care towards all of its employees and this protocol reflects existing OD strategies and policies.

6.2 In making employment decisions, the key principles for elected Members to follow are:

6.2.1 Members should not gain financially or personally, nor should their family or friends;

6.2.2 Members have a duty to declare any private interest, and to protect the public interest;

6.2.3 Members should have no involvement in employment or recruitment cases in which they have a personal interest of this kind;

6.2.4 Members must, when making public appointments or recommending people for rewards or benefits, make choices on merit, using objective criteria;

6.2.5 Members must not solicit a job with the Council for any person (but may give them a written testimonial); and

6.2.6 If Members canvass support for a candidate for a job with the Council this will disqualify the candidate from that job.

6.3 Members are not the employer. The Council is an equal opportunities employer and

Members should be guided by this principle in all contact with staff. Members should note that any individual who commits an act of discrimination can be personally liable.

- 6.4 Members should not be involved in individual staffing matters unless they are a member of a Committee set up for that purpose. Committee Terms of Reference and Delegated Functions provide for Committees or Panels of Members for Chief Officer appointments and for disciplinary and grievance processes relating to the Chief Executive, Directors and Chief Officers. Appeals Committees exist which hear appeals lodged by employees against grievance outcomes and certain disciplinary decisions.
- 6.5 Apart from as set out at 6.4, Members must not become involved in the management of Council staff. All other disciplinary, capability or grievance processes must be dealt with by Officers. Members must not engage in activities which might undermine management or compliance with Council procedures, or try to influence recruitment processes.
- 6.6 Members will frequently come into contact with representatives of the recognised Trades Unions at formal settings. The remit of these groups is often to:
- 6.6.1 provide a channel for consultation between the Council and the Trade Unions;
  - 6.6.2 discuss significant changes to the Council affecting the welfare or conditions of employment of its employees; and
  - 6.6.3 consider any employment matter referred to them by the staff side or the Council.
- 6.7 These groups do not have a remit to become involved in matters affecting an individual employee's terms, conditions or pay and Members must observe this remit in their contacts with Trades Union officials.
- 6.8 Members must, at all times, adopt a professional approach in any informal dealings with the Trades Unions and in particular should:
- 6.8.1 avoid making unreasonable commitments;
  - 6.8.2 take a balanced view of information provided by Trades Unions along with that of Officers; and
  - 6.8.3 not allow undue influence to be placed upon them.
- 6.9 Officers must not raise directly with Members any personal matter relating to their jobs, or relating to any potential appointment.

## **7 MONITORING THE PERFORMANCE OF OFFICERS**

- 7.1 Members set the parameters for Council work and officers carry out the implementation.
- 7.2 Members have a right to criticise reports or the actions taken by Officers, but they should always:-
- 7.2.1 avoid personal attacks on Officers; and

- 7.2.2 ensure that criticism is constructive and well founded.
- 7.3 Complaints about Officers or Council services should be made to the relevant director or to the Chief Executive.
- 7.4 The Director of Corporate Governance is the Council's Monitoring Officer and is specifically responsible for reporting any proposal, decision or omission by the Council or its Officers which causes or is likely to cause:
- 7.4.1 A contravention of any legislation or rule of law or of any code of practice made or approved by any legislation; or
- 7.4.2 Maladministration or injustice which could be investigated by the Scottish Public Services Ombudsman.

## **8 SUPPORT SERVICES TO MEMBERS AND PARTY GROUPS**

- 8.1 The Council can only lawfully provide support services – secretarial, administrative, resources, printing, photocopying, transport etc – to Members to assist them in discharging their role as Members of the Council. These services must only be used for Council business. They must never be used in connection with party political or campaigning activity or for private purposes. Members should never prevail upon the loyalty and enthusiasm of Officers to provide improper support.
- 8.2 The protocols governing the duties of Officers in Members' Services are summarised below:
- 8.2.1 Officers in Members' Services are Council employees and must comply with the Council's agreed policies and procedures (e.g. Employee Code of Conduct);
- 8.2.2 they cannot represent or stand in for Members at events or decision-making bodies, although they can attend as non-speaking observers;
- 8.2.3 each group has a Group Business Manager to direct day to day work. These are appointed by the Strategic Business and Members Services Manager who is also responsible for their induction, discipline and any grievances;
- 8.2.4 they must respect confidentiality regarding the party, group and individual Members;
- 8.2.5 they must not divulge confidential information regarding the group, its dealings or its Members;
- 8.2.6 in their contacts (internal and external) the postholders must be careful not to misrepresent the intentions of the group and must clarify whether they are representing the whole group or individual Members; and
- 8.2.7 the existence of Officers in Members' Services should not detract from normal Member/Officer relationships.

8.3 Members should observe policy and procedures with regard to the office accommodation they occupy in the interests of security and the general health, safety and welfare of all occupants.

8.4 In order that Members and Officers are suitably trained in the skills needed for the effective discharge of their duties, training/briefings will be provided for Members covering topics such as induction for new Members, managing information and presentation and relevant technical skills. Some training may be a requirement before a Member can take part in a specialist committee. All Members are encouraged to take the opportunity to build upon their existing skills.

## **9 REVIEW OF THE PROTOCOL**

This protocol will be reviewed annually in May as part of the operational governance suite of documents.

DRAFT

## Appendix 1

### Exempt Information

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act	Applicable to Elected Members as well as the public
Council employees	Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office holder, former office-holder or applicant to become and office-holder under, the authority.	<i>Information is not exempt by virtue of this paragraph unless it relates to a person of that description in the capacity indicated by the description.</i>	1	Yes
Occupiers of Council accommodation	Information relating to any particular occupier or former occupier of, or applicant or, accommodation provided by or at the expense of the authority.	<i>Information is not exempt by virtue of this paragraph unless it relates to a person of that description in the capacity indicated by the description.</i>	2	Yes
Applicants for/recipients of Council services	Information relating to any particular applicant for, or recipient or former recipient of, any service provided by the authority.	<i>Information is not exempt by virtue of this paragraph unless it relates to a person of that description in the capacity indicated by the description.)</i>	3	Yes
Applicants for/recipients of financial assistance.	Information relating to any particular applicant for, or recipient or former recipient of, any financial assistance provided by the authority.	<i>Information is not exempt by virtue of this paragraph unless it relates to a person of that description in the capacity indicated by the description.</i>	4	Yes
Social work/children	Information relating to the adoption, care, fostering or education of any particular child or [where any particular child is subject to a compulsory supervision order or interim compulsory supervision order (sections 83 and 86 of the Children's Hearing (Scotland) Act 2011) information relating to the order.		5	Yes

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act	Applicable to Elected Members as well as the public
Financial/business affairs of any person	Information relating to the financial or business affairs of any particular person (other than the authority).	<i>Information is not exempt under this paragraph it is required to be registered under the Companies Acts, the Friendly Societies Act 1974, the Industrial and Provident Societies Act 1965 and the Buildings Societies Act 1962.</i>	6	No
Social Work	Information relating to anything done or to be done in respect of any particular person for the purposes of any of the matters referred to in section 27(1) of the Social Work (Scotland) Act 1968 (providing reports on and supervision of certain persons).		7	Yes
Expenditure under contract	The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods and services.	<i>Information falling within this paragraph is exempt information if and so long as disclosure to the public of the amount there referred to would be likely to give an advantage to a person entering into, or seeking to enter into, a contract with the authority in respect of the property, goods or services, whether the advantage would arise as against the authority or as against such other persons.</i>	8	No
Negotiations	Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal or property of the supply of goods and services.	<i>Information falling with this paragraph is exempt information if and so long as disclosure to the public of the terms would prejudice the authority in those for any other negotiations covering the property or goods or services.</i>	9	Yes



Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act	Applicable to Elected Members as well as the public
Identity of tenderer	The identity of the authority (as well as of any other person, by virtue of paragraph 6 above) as the person offering any particular tender for a contract for the supply of goods or services.		10	No
Labour relations	Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relation matter arising between the authority or a Minister of the Crown and employees of, or office-holders under, the authority.	<i>Information falling within this paragraph is exempt information if and so long as disclosure to the public of the information would prejudice the authority in those or any other consultations or negotiations in connection with a labour relations matter arising as mentioned in that paragraph.</i>	11	Yes
Legal advice/instructions	Any instructions to counsel and any opinion of counsel (whether or not in connection with any proceedings) and any advice received, information obtained or action to be taken in connection with: <ul style="list-style-type: none"> <li>(a) any legal proceedings by or against the authority, or</li> <li>(b) the determination of any matter affecting the authority,</li> </ul> <p>(whether, in either case, proceedings have been commenced or are in contemplation).</p>		12	Yes

Type	Exemption	Qualification	Paragraph of Part 1, Schedule 7A, 1973 Act	Applicable to Elected Members as well as the public
Statutory notices	<p>Information which, if disclosed to the public, would reveal that the authority proposes—</p> <p>(c) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</p> <p>(d) to make an order or direction under any enactment.</p>	<p><i>Information falling within this paragraph is exempt information if and so long as disclosure to the public might afford an opportunity to a person affected by the notice, order or direction to defeat the purpose or one of the purposes for the notice, order or direction is to be given or made.</i></p>	13	No
Crime	<p>Any action to be taken in connection with the prevention, investigation or prosecution of a crime.</p>		14	Yes
Protected Informants	<p>The identity of a protected informant.</p>		15	No

# The City of Edinburgh Council

10.00am, Thursday, 11 December 2014

## Treasury Management – Mid Term Report 2014/15 – referral report from the Finance and Resources Committee

<b>Item number</b>	8.11
<b>Report number</b>	
<b>Wards</b>	All

### Executive summary

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The Finance and Resources Committee on 27 November 2014 considered a report that provided an update on Treasury Management activity in 2014/15. The report was referred to the City of Edinburgh Council for approval to continue to use the Council's Investment balances to fund capital expenditure.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Treasury Management – Mid Term Report 2014/15

### Terms of referral

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- 1.1 On 27 November 2014 the Finance and Resources Committee considered a report that provided an update on Treasury Management activity in 2014/15. In accordance with the Strategy set in March 2014 the Council completed no borrowing during the first half of the financial year and funded capital expenditure temporarily from investments. This approach would generate significant short-term savings in Loans Charges for the Council.
- 1.2 The investment return for 2014/15 continued to show significant out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of investments. The Finance and Resources Committee referred the report to the City of Edinburgh Council for approval to continue to use the Council's Investment balances to fund capital expenditure.
- 1.3 The Finance and Resources Committee agreed:
  - 1) To note the mid term report on Treasury Management for 2014/15.
  - 2) To refer the report to Council for approval to continue to use the Council's Investment balances to fund capital expenditure.
  - 3) To recommend that Council would subsequently refer the report to the Governance, Risk and Best Value Committee for scrutiny.

### For Decision/Action

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- 2.1 The City of Edinburgh council is asked to approve the continued use of the Council's Investment balances to fund capital expenditure, and to refer the matter to the Governance, Risk and Best Value Committee for scrutiny.

### Background reading / external references

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[Treasury Management Mid Term 2014-15](#)

### Carol Campbell

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## Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 27 November 2014

## Treasury Management – Mid Term Report 2014/15

**Item number**  
**Report number**  
**Executive/routine**  
**Wards**

### Executive summary

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The purpose of this report is to give an update on Treasury Management activity in 2014/15.

In accordance with the Strategy set in March 2014 the Council completed no borrowing during the first half of the financial year and funded capital expenditure temporarily from investments. This approach will generate significant short-term savings in Loans Charges for the Council, in following this strategy account is also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.

The investment return for 2014/15 continues to show significant out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

### Links

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<b>Coalition pledges</b>	P30
<b>Council outcomes</b>	CO25
<b>Single Outcome Agreement</b>	SO1

## Treasury Management: Mid Term Report 2014/15

### Recommendations

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- 1.1 It is recommended that the Committee:
- 1.1.1 notes the mid term report on Treasury Management for 2014/15; and
  - 1.1.2 refers the report to Council for approval and subsequent referral by Council to the Governance Risk and Best Value Committee for scrutiny.

### Background

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- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the mid-term report has been prepared setting out activity undertaken.

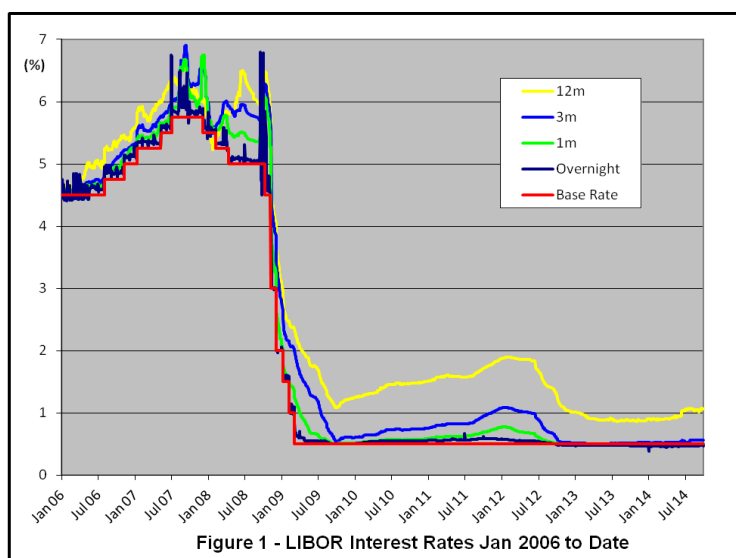
### Main report

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#### 3.1 Interest Rate Background

- 3.1.1 Throughout the 6 months, the Bank of England's Monetary Policy Committee kept Quantitative Easing (QE) at £375bn and UK Bank Rate at 0.50%. QE has remained at that level since July 2012 and UK Bank Rate at 0.50% since March 2009.

- 3.1.2 Figure 1 below shows Inter-Bank Lending Rates since the start of 2006.



3.1.3 Figure 1 shows that the overnight and 1 month rates continued to follow the Bank Rate and the 3 and 12 month rates started to increase in June but then levelled out.

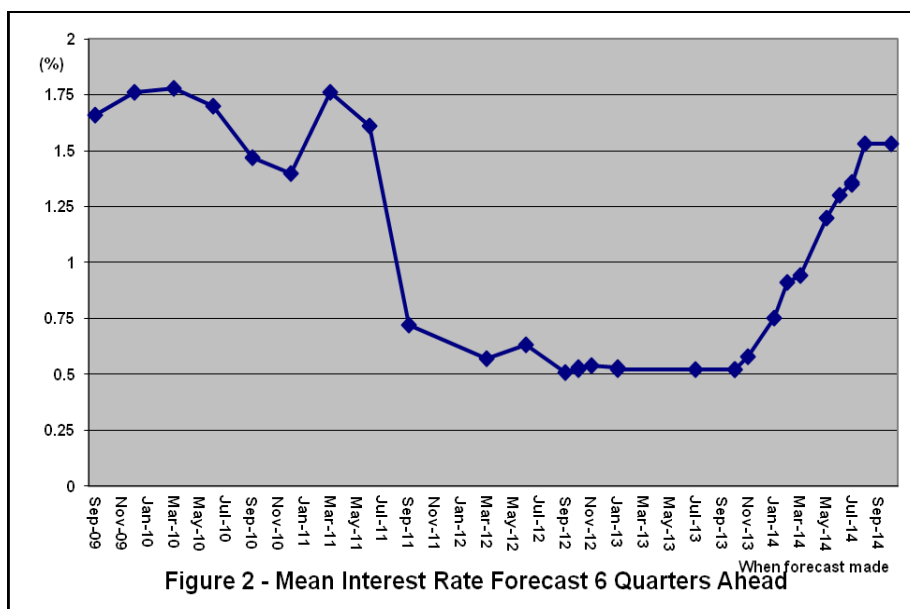
### 3.2 Interest Rate Forecast

3.2.1 Table 1 below gives a Reuters poll of up to 60 economists, taken 1<sup>st</sup> October, showing their forecasts for UK Bank Rate until Quarter 1 2016. This shows the market expectations of Bank Rate beginning to increase. Some predicting a rise as early as Q1 2015 with others estimating a delay until Q3 2015.

	2014		2015			
	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16
<b>Median</b>	0.5	0.75	1	1.25	1.25	1.5
<b>Mean</b>	0.53	0.75	0.91	1.14	1.34	1.53
<b>Mode</b>	0.5	0.75	1	1.25	1.5	1.25
<b>Highest</b>	0.75	1	1.5	1.5	1.75	2
<b>Lowest</b>	0.5	0.5	0.5	0.75	1	1
<b>Count</b>	60	60	55	49	46	29

Table 1 – Economists’ Forecasts for UK Bank Rate

3.2.2 Figure 2 below shows the mean interest rate forecast of economists 6 quarters ahead of the date the survey was taken. This illustrates the market expectation of Bank Rate increases during 2015 although the Treasury section views the likelihood and magnitude of increases in UK Bank Rate to be lower than the general market perception.



3.2.3 The Annual Rate of CPI dropped from 1.9% in April 2014 to 1.2% over the quarter and is now closing in on the bottom of the Bank of England’s target range.



### 3.3 Investment Strategy

3.3.1 The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around security of the investments.

3.3.2 Figure 3 below shows the Weighted Average Life (WAL) – i.e. the average time to maturity of the Cash Fund investments since inception.

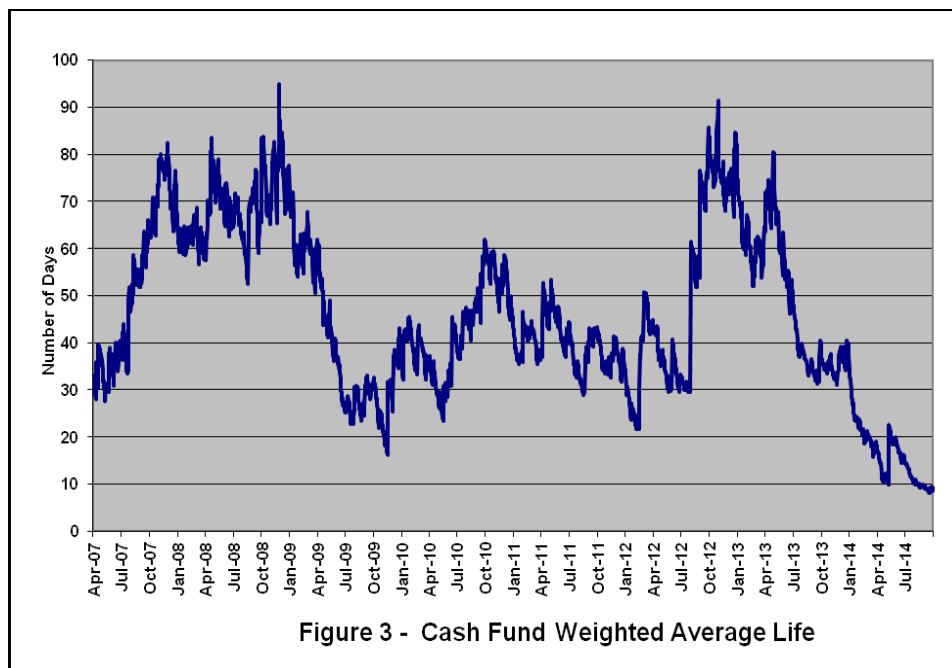
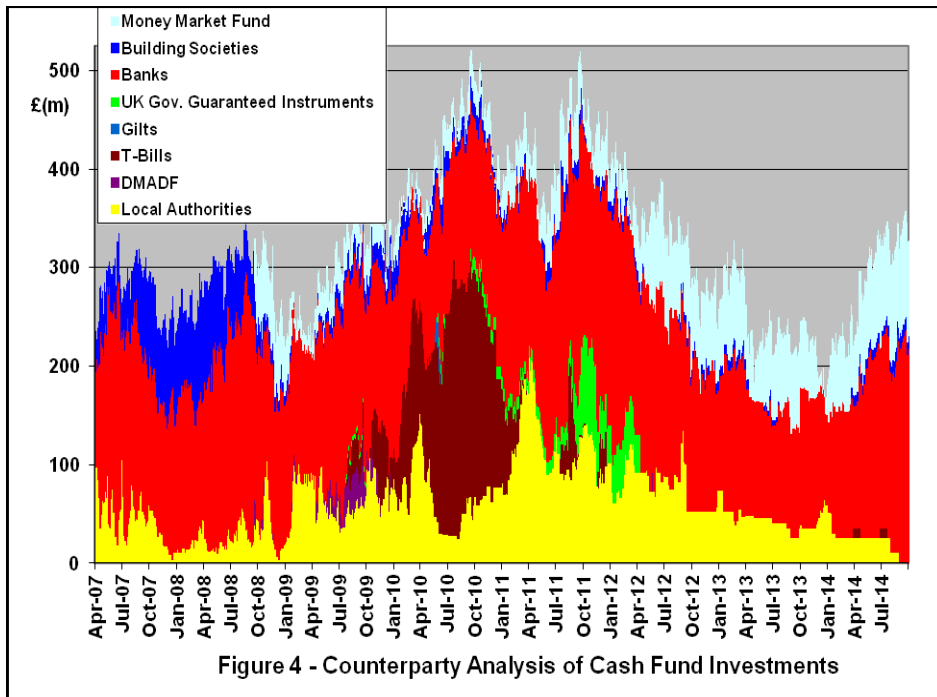


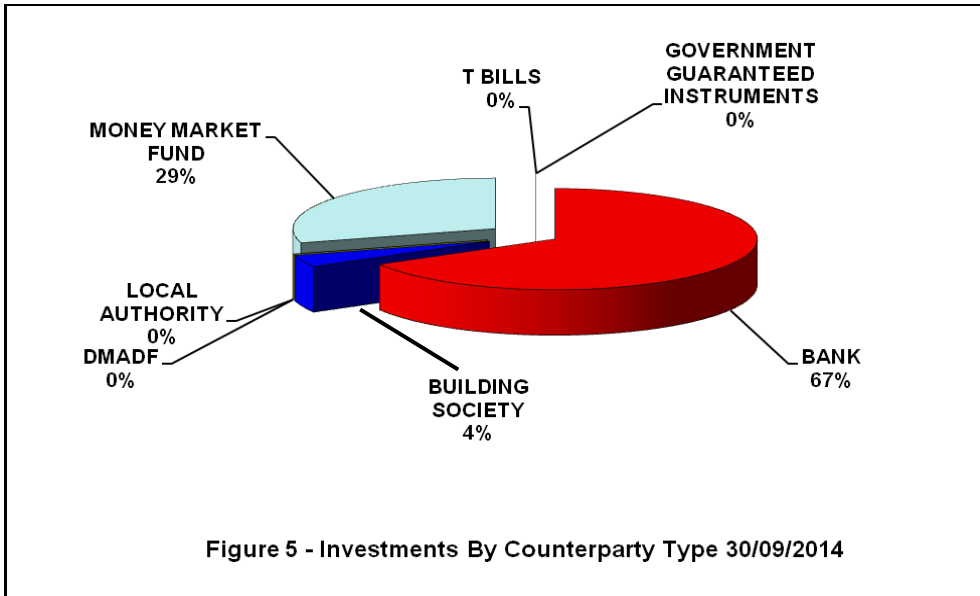
Figure 3 - Cash Fund Weighted Average Life

3.3.3 The WAL (weighted average time to the final maturity of investments) has decreased since the start of the financial year from 18.09 days on 31 March to 8.67 days on 30 September, the spike upwards in April 2014 was due to a purchase of a Rabobank CD which matures in May 2015. This was purchased at an attractive rate of interest for a highly rated institution.

3.3.4 Figure 4 below shows the distribution of Cash Fund deposits since inception.



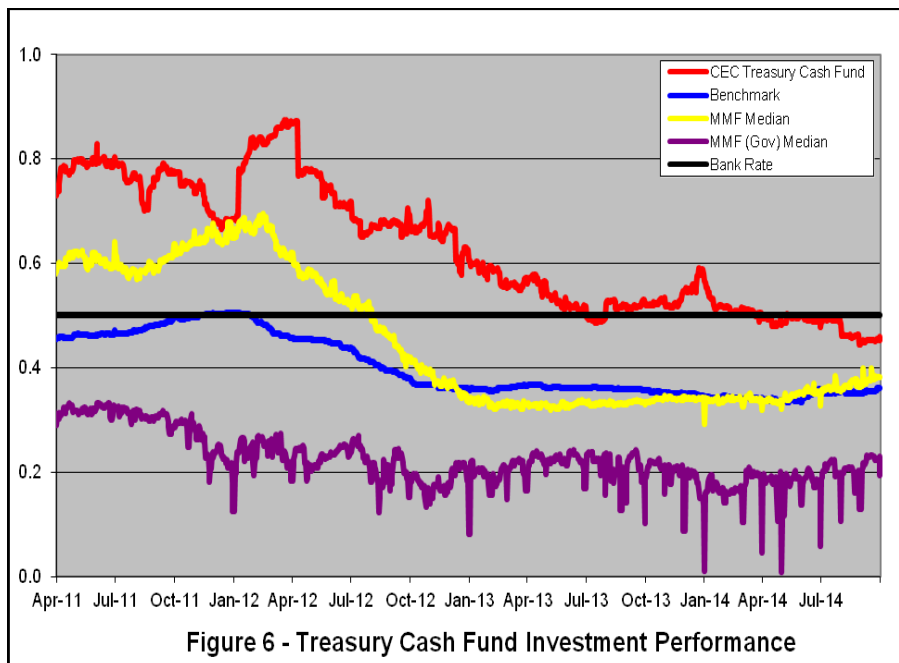
3.3.5 With Local Authorities continuing to lend to each other at low rates of interest the Treasury team continue to find difficulty in striking the balance between high levels of security and achieving an adequate return.



3.3.6 As can be seen in Figure 5 above over half of the fund remains invested with Banks, including higher rated institutions such as HSBC, Svenska Handelsbanken and Rabobank. All Bank deposits with the exception of the Rabobank CD are placed in instant access call accounts and the Treasury team remain in dialogue with these institutions to maintain the best interest rates. There are no deposits outstanding with Building Societies and as mentioned previously, rates on offer in the inter-local authority market have remained extremely low. Treasury bill rates have increased slightly and the Council has held some during the quarter.

### 3.4 Cash Fund Performance

3.4.1 The annualised rate of return for the Cash Fund for the six months to September 2014 was 0.479%, outperforming the benchmark by 0.131% on an annualised basis. Figure 6 below shows the daily investment performance of the Cash Fund against its benchmark and the Money Market Fund median since April 2011.

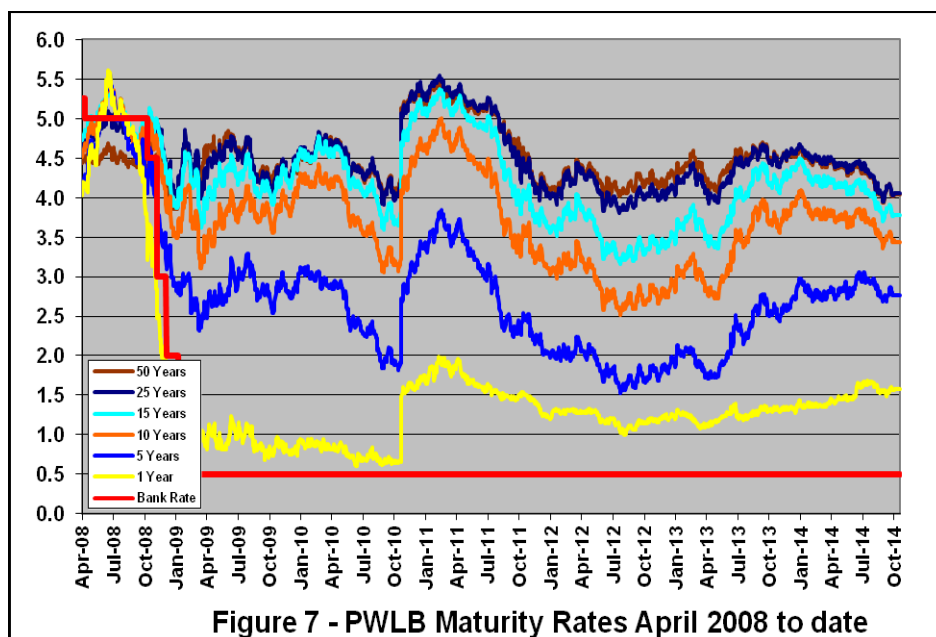


3.4.2 The 7-Day LIBID Benchmark continued to remain fairly static during the first half of the financial year. The effect of the Bank of England's Funding for Lending scheme which offers lower interest rate funding for the banks, reducing the need for interbank funding, has continued to depress interest rates on offer.

### 3.5 Debt Management Activity

3.5.1 The Treasury strategy for 2014/15 is to continue to use the Council's Investment balances to fund capital expenditure. There has been no PWLB borrowing, on behalf of the Council, completed since December 2012.

3.5.2 Figure 7 below shows the PWLB borrowing interest rates since the start of the 2008/09 financial year.



3.5.3 PWLB rates have fallen during the first half of 2014/15, due to a combination of heightened geo-political risk and concerns over the outlook for world growth. Bond yields fell across the world as the West become further involved in conflict in the Middle East and Russia with Ukraine. With market perception now that global growth is not as strong as many had previously considered, the likelihood of early interest rate rises in the UK and US has diminished. The attraction of holding Sovereign bonds even at their low rates combined with flights to safety has driven sovereign bond yields to exceptionally low level, pulling PWLB rates down with them.

3.5.4 At the start of the new financial year the Council was £110m under borrowed from 2013/14, this includes £58m from the previous financial year. The strategy for 2014/15 has been to reduce the Council’s investments and temporarily fund capital expenditure from cash rather than long term borrowing. Based on approved capital programme and any known slippage it is estimated that the Council will be under borrowed in the region of £123m, including under borrowing from previous years as above, at the end of the financial year if no further borrowing is undertaken. Therefore capital expenditure is being funded in the short-term at the marginal cost of foregone interest on the Council’s investments which is very low in absolute terms. This is a culmination of a four year strategy where long and medium term borrowing has been secured at historically low rates The strategy will result in the Council having significantly lower cash balances than in the past and if it became necessary to complete any borrowing, it would be likely that the Treasury team would look to borrow for short maturity period from the inter local authority market.

## Measures of success

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- 4.1 The success of the Treasury Section can be measured by the out-performance of the Treasury Cash Fund against its benchmark and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

## Financial impact

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- 5.1 The Council continues to manage its debt portfolio so as to minimise the medium term cost of funding its capital projects.
- 5.2 The Treasury Cash Fund has generated significant additional income for the Council.

## Risk, policy, compliance and governance impact

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- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2014/15.

## Equalities impact

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- 7.1 There are no adverse equality impacts arising from this report.

## Sustainability impact

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- 8.1 There are no adverse sustainability impacts arising from this report.

## Consultation and engagement

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- 9.1 None.

## Background reading / external references

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None.

### **Alastair Maclean**

Director of Corporate Governance

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## Links

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<b>Coalition pledges</b>	P30 - Continue to Maintain a sound financial position including long-term financial planning
<b>Council outcomes</b>	C025 - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	

10.00am, Thursday, 11 December 2014

## Adult Social Care Budget Pressures, 2014/15 – referral report from the Finance and Resources Committee

<b>Item number</b>	8.12
<b>Report number</b>	
<b>Wards</b>	All

### Executive summary

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The Finance and Resources Committee on 27 November 2014 considered a report ruled urgent by the Convener that reported significant pressures within the Council's Health and Social Care budget. Joint strategic planning with NHS Lothian had identified an opportunity to reduce the numbers of people waiting in hospital for a care home place.

The proposed leasing of the former Pentland Hill Care Home was part of a joint short-term strategy with NHS Lothian to support discharge from hospital and to cope with winter pressures. The report had been referred to the City of Edinburgh Council for approval of £400,000 of funding from the priorities fund to pay for the interim care facility.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Adult Social Care Budget Pressures, 2014/15

### Terms of referral

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- 1.1 On 27 November 2014 the Finance and Resources Committee considered a report ruled urgent by the Convener that reported significant pressures within the Council's Health and Social Care budget. Joint strategic planning with NHS Lothian had identified an opportunity to reduce the numbers of people waiting in hospital for a care home place. On average at any time there were ninety people delayed in hospital for this reason.
- 1.2 The proposed leasing of the former Pentland Hill Care Home was an alternative to opening additional winter beds. It would be an interim facility, known as Gylemuir House, to support people who had been inappropriately delayed in hospital until a permanent care home placement could be found. The report has been referred to the City of Edinburgh Council for approval of £400,000 of funding from the priorities fund to pay for the interim care facility.
- 1.3 The Finance and Resources Committee agreed:
  - 1) To note the actions being taken to reduce the projected Health and Social Care budget overspend of £5.3 million.
  - 2) To instruct the Director of Health and Social Care to report on progress at the Finance and Resources Committee January 2015 meeting, included additional savings to further reduce the projected budget overspend.
  - 3) To agree the proposal to establish a joint interim care facility with NHS Lothian (see paragraphs 2.13 – 2.17 of the report), including the leasing arrangements described in paragraph 2.17 of the report, to provide a service until the end of March 2015, subject to approval of £400,000 of funding from the priorities fund at the meeting of the City of Edinburgh Council on 11 December 2014.
  - 4) To agree that any extension of the service beyond March 2015 would be on the basis of a shared City of Edinburgh Council / NHS Lothian financial contribution.
  - 5) To instruct the Director of Health and Social Care to report to the Finance and Resources Committee on the progress of talks with NHS Lothian on this matter.



- 6) To refer the report to the Governance, Risk and Best Value Committee for scrutiny.
- 7) To agree to arrange an additional meeting of the Finance and Resources Committee to consider the changes to the financial assumptions in the City of Edinburgh Council and NHS Lothian joint financial plan and to further consider the Adult Social Care Budget pressures of £5.3 million.

## For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to approve funding of £400,000 from the priorities fund to establish a joint interim care facility with NHS Lothian (Gylemuir House).

## Background reading / external references

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Adult Social Care Budget Pressures, 2014/15

### Carol Campbell

Head of Legal, Risk and Compliance

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## Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 27 November 2014

## Adult Social Care Budget Pressures, 2014/15

Item number  
Report number  
Executive/routine  
Wards

### Executive summary

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The Council's Health and Social Care budget is under significant pressure. At as the end of October, the adult social care budget is projected to overspend by £5.3 million (2.6%) by the end of the financial year.

Management actions and options to reduce the overspend currently total £2 million, although some of the proposals will need further discussion with NHS Lothian on joint funding plans. Further work is being undertaken to develop savings proposals to reduce the remaining balance of £3.3 million.

### Links

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Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	<a href="#">S01</a> , <a href="#">S02</a> , <a href="#">S03</a> and <a href="#">S04</a>

## Adult Social Care Budget Pressures, 2014/15

### Recommendations

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- 1.1 To note the actions being taken to reduce the projected Health and Social Care budget overspend of £5.3 million.
- 1.2 To instruct the Director of Health and Social Care to report on progress at the January meeting, including additional savings to further reduce the project budget overspend
- 1.3 To consider the proposal to establish a joint interim care facility with NHS Lothian (see paragraph 2.13 - 2.17), including the leasing arrangements described in paragraph 2.17

### Background

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- 2.1 At its meeting on 30 October the Committee considered a report by the Director of Corporate Governance on *Revenue Monitoring 2014/15 – half-year position* which identified a projected overspend on £2 million in the Health and Social Care budget, relating to increased dependency levels in care homes, the loss of income from new legislation waiving charges for carers, and growth in purchased care home high dependency packages.
- 2.2 Committee instructed the Director of Health and Social Care “to identify proposed measures to bring expenditure back into line with approved levels and report these at period eight”.
- 2.3 Budget monitoring at period 7, the end of October, now indicates an increase in the projected overspend to £5.3 million. This report describes these pressures, and the management actions being taken, and sets out further budget control options.

### Main report

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#### Budget pressures

- 2.4 The Council’s Health and Social Care budget is under significant pressure. As at the end of October, the adult social care budget is projected to overspend by £5.3 million (2.6%) by the end of the financial year:

Service	£'000	Description of pressure
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Service	£'000	Description of pressure
<b>Period 5 Half-year Revenue Monitoring reported to Committee, 30 October 2014</b>		
Care Home staffing	1,000	Increasing dependency levels of residents in CEC Care Homes, requiring increased staffing, as admissions are focussed on people with the highest levels of need
Respite income	800	The <i>Carers (Waiving of Charges for Support) (Scotland) Regulations 2014</i> now prevent local authorities from charging for support to carers, such as respite care.
Increase cost of spot purchase	200	Additional cost of high dependency Care Home placements
<b>Total projected overspend</b>	<b>2,000</b>	<b>At period 5</b>
<b>Additional pressures at Period 7</b>		
Care at Home	3,340	Growth in Care at Home to meet demographic and unscheduled care pressures. The Period 5 position assumed income of £1 million from NHS Lothian – this is now not available due to unscheduled care in-patient pressures.
<b>TOTAL PRESSURES</b>	<b>5,340</b>	

2.5 The Budget pressures previously reported at period 5 totalled £2 million.

- The £1 million pressure in the Council's care homes for older people is due to the higher staffing levels that are now necessary to care for increasing numbers of highly dependent residents with severe dementia and other complex conditions. The Council is currently the sole provider of care home provision for older people with challenging behaviours.
- New legislation prevents local authorities from charging for support to carers, such as respite care, following a carer's assessment. *The Carers (Waiving of Charges for Support) (Scotland) Regulations 2014* were laid before Parliament after local authorities had determined their 2014/15 budgets and so far have not been supported by additional Scottish Government funding. The estimated loss of income in 2014/15 for adult social care budgets in the City of Edinburgh Council is £800,000.

2.6 The most significant pressure now relates to **care at home** (£3.3 million). The movement from pressures of £2 million to £5.3 million is explained by a combination of factors:

- Income of £1 million from NHS Lothian to help fund the Joint Financial Plan is now not available due to the increased unscheduled care demand on the acute hospital sector;
- Revisions to the projected Care at Home outturn due to: (a) higher increases than expected in the average number of weekly hours now required per person – reflecting more complex needs now being met at home rather than in care homes, and (b) a change in the ratio between planned hours recorded

on the case information system and actual hours recorded on invoices, compared to the ratio from last year used to adjust the data on planned hours utilised in Period 5 budget monitoring.

- 2.7 In Edinburgh, domiciliary care hours provided or purchased increased by 12% in 2013/14, compared to the previous year. The increase from April to September 2014 is 12.8% compared to the same 6-month period last year. The £3.340 million projected overspend assumes an additional 2,000 hours per week of care at home is delivered between now and the end of the year.
- 2.8 Despite these significant service volume increases, there are currently 284 people (including 60 in hospital) waiting for 3,504 hours per week of domiciliary care, excluding people ready to move on from re-ablement or intermediate care.

	<b>People</b>	<b>Hours</b>
Waiting in hospital	60	1,405
Waiting in the Community	137	1,446
Waiting in the Community for additional hours	87	653
<b>Total waiting for domiciliary care</b>	<b>284</b>	<b>3,504</b>

- 2.9 Investment of £500k in Home Care Re-ablement is part of the strategy to reduce the waiting list and reduce the future growth in demand. Home Care Reablement, provides up to six weeks of intensive work with people after discharge from hospital to help them regain all or some of their self-care abilities and confidence usually by working with them to regain daily skills in their own homes. The average reduction in care hours required is around 40% of the initial allocation.
- 2.10 However, currently our Reablement Teams are having to provide care to clients who have successfully completed reablement, still require some care, but cannot be placed with either the in-house home care service or private care at home providers due to lack of capacity. In turn this means that there is insufficient capacity in Reablement Teams to provide reablement to all people being discharged from hospital or referred from the community. Investing in reablement would ensure more people benefited and would reduce the future increase in care at home required. An additional 55 staff are planned to start in December 2014, subject to confirmation from NHS Lothian of the funding of £500k from Scottish Government Winter Pressures monies.

#### **Management action to control budget overspends**

- 2.11 Management actions have been identified totalling £2 million, including proposals to restrict further growth in care at home budgets, which will increase numbers waiting for care packages, both in hospitals and in the community:

<b>Budget control action</b>	<b>£'000</b>
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<b>Budget control action</b>	<b>£'000</b>
Review of high cost packages, respite and day care packages and escalation of panel authorisations	360
Review equipment service criteria, cease minor aids that are available from commercial sources.	50
Tighten criteria for funding transport to disabilities day care services, excluding users who qualify for mobility cars or receiving DLA higher rate for mobility needs from which taxis could be funded.	60
Further restrictions on non-staffing budgets	100
Further staffing budget restrictions, including new Care Home rotas, management of agency and overtime, review of temporary staff and secondments, and phasing recruitment to essential vacancies.	630
Quality and Standards – reduced training budgets	118
Review policy re waiving of charges for respite	100
Revised estimates of income, including income from residential care charges	137
Care at Home: further option of no further growth to the end of the year - will increase waiting lists both in hospitals and at home	200
Step Down - do not let 10 beds due in December (3 months savings)	110
One off contract savings	140
<b>Total savings</b>	<b>2,005</b>

- 2.12 Several of these proposals will need further discussion with NHS Lothian on joint funding plans and strategies to reduce delayed discharges and emergency admissions. Further work is also being undertaken to identify further management actions to reduce the remaining projected budget over spend of £3.335 million.

### **Proposed Joint Interim Care Facility – Gylemuir House**

- 2.13 Joint strategic planning with NHS Lothian has identified an opportunity to reduce the numbers of people waiting in hospital for a care home place - on average at any time there are 90 people delayed in hospital for this reason.
- 2.14 The proposed leasing of the former Pentland Hill Care Home is part of a joint short-term strategy with NHS Lothian to support discharge from hospital and to cope with winter pressures. This option is an alternative to opening additional winter beds. It will be an interim care facility, known as Gylemuir House, to support people who have been inappropriately delayed in hospital, until a permanent care home placement can be found.
- 2.15 The estimated net cost for 60 beds in 2014-15 is £1.2 million. £400k will be funded by the City of Edinburgh Council, £400k by NHS Lothian and £400k by Scottish Government.
- 2.16 The net cost for 60 beds in 2015-16 is expected to be £2.8 million. The funding, which is subject to ongoing discussion with the Unscheduled Care Group, is being discussed as part of the joint financial plans with NHS Lothian.

- 2.17 The City of Edinburgh Council and NHS Lothian are jointly revising the overall strategy to support older people and to deliver shifts in the balance from Acute to the Community in order to provide on-going funding for the period of the lease. Should funding not be available for 2015/16, the home would close to new admissions and existing residents would need to be found places in other care homes. However, the residual costs from the 18 month lease due to be signed in December would be £460k per year (£310k pa lease costs and £150k property maintenance), to be shared equally between the Council and NHS Lothian.

## Measures of success

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Reduction in projected budget overspend

## Financial impact

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- 5.1 This is covered in the main report.

## Risk, policy, compliance and governance impact

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- 6.1 The delivery of a balanced budget outturn for the year is the key target. The risks associated with costs pressures, increased demand and procurement savings targets are regularly monitored and reviewed and management action is taken as appropriate.

## Equalities impact

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- 7.1 Measures to reduce budget overspends are likely to increase waiting lists for services for older and people with disabilities.

## Sustainability impact

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- 8.1 No impacts on sustainability.

## Consultation and engagement

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- 9.1 The timescale for producing this additional report precluded consultation with key stakeholders.

## Background reading/external references

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## Peter Gabbitas

Director of Health and Social Care

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## Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long-term financial planning
<b>Council outcomes</b>	CO25 – The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 - Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	None



# The City of Edinburgh Council

10.00am, Thursday, 11 December 2014

## Shared Repairs Services – Development of a New Service – referral report from the Finance and Resources Committee

<b>Item number</b>	8.13
<b>Report number</b>	
<b>Wards</b>	All

### Executive summary

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The Finance and Resources Committee on 27 November 2014 considered a report requesting approval to establish a new shared repairs service. A detailed service blueprint, costed business plan and an implementation plan were provided to the Committee. The report was referred to the City of Edinburgh Council without recommendation.

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Shared Repairs Services – Development of a New Service

### Terms of referral

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- 1.1 On 27 November 2014 the Finance and Resources Committee considered a report requested approval to establish a new shared repairs service. A detailed service blueprint, costed business plan and an implementation plan were provided to the Committee.
- 1.2 The City of Edinburgh Council, on 13 March 2014, requested that a report was brought to the Finance and Resources Committee on the development of an enforcement service within three months. In May 2014, responsibility for both the Property Conservation legacy service and the project to develop the new enforcement service transferred from the Director of Services for Communities to the Director of Corporate Governance. A new governance structure was implemented and Deloitte LLP was commissioned to assist with the design of the new service. As a result, the report was delayed by some months.
- 1.3 The Finance and Resources Committee agreed to refer the report to the City of Edinburgh Council without recommendation.

### For Decision/Action

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- 2.1 The City of Edinburgh Council is asked to consider the report that has been referred to the Council from the Finance and Resources Committee without recommendation.

### Background reading / external references

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[Shared Repairs Service - Development of a New Service](#)

### Carol Campbell

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### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Finance and Resources Committee

10.00am, Thursday, 27 November 2014

## Shared Repairs Services – Development of a New Service

Item number	7.29
Report number	
Executive/routine	
Wards	

### Executive summary

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This report responds to the Council decision of 13 March 2014, to provide a further report on the development of an enforcement service to the Finance and Resources Committee within three months.

In May 2014, responsibility for both the Property Conservation legacy service and the project to develop the new enforcement service transferred from the Director of Services for Communities to the Director of Corporate Governance. A new governance structure was implemented and Deloitte LLP was commissioned to assist with the design of the new service. As a result, the report was delayed by some months.

Since that time, work has been ongoing to produce a detailed service blueprint, a costed business plan and an implementation plan for the new service. The detail of these is now presented to Committee for approval.

### Links

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Coalition pledges	<a href="#">P40</a> , <a href="#">P41</a>
Council outcomes	<a href="#">CO19</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Shared Repairs Services – Development of a New Service

### Recommendations

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- 1.1 It is recommended that Committee:
  - 1.1.1 Approves the implementation expenditure of up to £500,000 in the current financial year.
  - 1.1.2 Notes the ongoing funding requirement for this service and agrees that this be remitted to Council for decision on 12 February 2015 as part of the budget setting process.
  - 1.1.3 Approves the full implementation of this new service on the basis of the financial information provided in the costed business plan, subject to the budget decision on 12 February 2015.
  - 1.1.4 Approves the instigation of a formal organisational review for existing Shared Repairs staff and delegates the completion of this review to the Director of Corporate Governance.
  - 1.1.5 Notes that the service will begin to operate in the second quarter of financial year 2015/16.
  - 1.1.6 Notes the risks of this service as outlined in Appendix 1, page 4.

### Background

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- 2.1 In March 2014, the Director of Services for Communities presented a report to the City of Edinburgh Council on the establishment of a new enforcement service.
- 2.2 Council approved a number of recommendations and instructed that officers proceed with the further development of an enforcement service.
- 2.3 In May 2014, responsibility for both the Property Conservation legacy service and the project to develop a new service transferred to the Director of Corporate Governance. The project was added to the Council's portfolio of Major Projects, overseen by the Corporate Programme Office. A new governance structure was implemented, Deloitte LLP was commissioned and Programme Momentum was established, to deal with both the remaining legacy issues and the design of the new service.

- 2.4 Since that time, work has been ongoing to produce a detailed service blueprint, a costed business plan and an implementation plan for the new service. Elected members have been provided with briefings on the detail of these and the full documents have been available for members to view in a data room.
- 2.5 The detail of these documents is now presented to Committee for approval.

## Main report

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### Strategic Rationale

- 3.1 Since the closure of the former service, the Shared Repairs Service has provided owners with advice and guidance on matters relating to common repairs and has also provided a 24/7 emergency response repair service. This report contains proposals for expanding that service to once again include the enforcement of non-emergency repair projects under Statutory Notice. There are a number of drivers for this and these are set out below.
- 3.2 Edinburgh is a world class city whose Old and New Towns are designated UNESCO World Heritage sites. The Council has a responsibility to protect the built heritage for conservation, economic and public safety reasons.
- 3.3 Around 45% of Edinburgh's housing stock is tenemental and therefore the requirement for repairs to common areas of privately owned property is widespread. The Council recognises the significant difficulties which responsible owners can face in trying to reach consensus with their neighbours to take forward repair works.
- 3.4 Using the legislative powers available to the Council under the City of Edinburgh District Council Order Confirmation Act (1991), the former service provided an important means of repairing tenemental homes where owners could not agree on a way forward. Since the closure of the former service, many owners have struggled to organise repairs privately. Despite the issues which faced the former Property Conservation service, there remains a clear demand for an enforcement service, both from the public and from elected members.
- 3.5 There are also occasions when essential repairs are required to mixed tenure properties, where the Council owns one or more properties within a tenement. In some situations, achieving repairs in these mixed tenure stairs would benefit from the reintroduction of an enforcement service.

### Inherent Risks

- 3.6 While there is undoubtedly a demand for the re-introduction of an enforcement service, it also poses a number of inherent risks to the Council. These were previously noted in the report to Council on 13 March 2014 and are again detailed in Appendix 1, page 4. Whilst every effort will be made to mitigate these risks as far as possible, it must be noted that the nature of this service is

such that some residual risk will inevitably remain. In particular, Committee should note the following:

- Reputational risk – the very nature of the service means that the Council will find itself enforcing works on owners who are already in dispute and potentially unable to meet the costs of repairs which may lead to further reputational damage.
- Financial risk – there will be an ongoing requirement for the new service to be subsidised and the potential deficit could be worse than estimated due to the other inherent risks.
- Bad debt risk – some customers will not be in a position to pay, resulting in higher levels of bad debt than is experienced with other Council services.
- Nature of business risk – the enforcement service is by nature already a dispute situation with potential for customer dissatisfaction.
- Construction industry risk – the service will always be exposed to the risk of challenge over the scope and cost of works. Construction work, particularly in repairs to historic and older buildings is difficult to estimate in advance and often results in cost estimates exceeding expectations and can lead to litigious events.

#### New Service Design – Services

- 3.7 The new service is being developed to meet the following objectives:
- To maintain the fabric of the city, the conservation of the built heritage and protection of health and safety.
  - To support, encourage and enable owners to proactively take responsibility for planning and organising repairs and maintenance.
  - To intervene when owners have exhausted all other reasonable means of agreeing and undertaking a repair.
  - To effectively manage the Council's financial and reputational risk as it carries out its statutory duties and powers.
- 3.8 The new service blueprint has been developed using a set of design principles and a tried and tested "target operating model" approach which place an emphasis on clarity, consistency and robustness. Further details are provided in Appendix 1, page 6-8.
- 3.9 One of the main underlying principles of the new service is that it should seek to drive a cultural change whereby owners are encouraged and supported to take responsibility for their own shared repairs. Enforcement will be the option of last resort, utilised only where it is apparent that owners have exhausted all other options.
- 3.10 The lessons learned from the previous service are integral to the design of the new service. Robust operational procedures have been developed which build in regular control points. Transparent communication with owners and stakeholders will be a key part of the service and quality assurance will be embedded

throughout. The scope of works undertaken will be tightly controlled, with only those works deemed to meet the Council's definition of "essential" being taken forward by the Council.

- 3.11 A revised definition of "essential" has been developed which will consider the rate of deterioration of the defect and the severity of any associated risk and implications for customers. Further details of this are provided in Appendix 1, page 10.
- 3.12 The new service will be incorporated as a new function within an extended Shared Repairs Service.
- 3.13 The functions of the new Shared Repairs Service are split broadly into 4 areas, which are outlined below.

#### Emergency Service

- 3.14 Council officers will attend and arrange for "make safe" works to be carried out in immediately dangerous or "emergency" situations. This service is already provided via the existing Shared Repairs Service and will continue as part of the new service. This includes dealing with "corporate emergencies" such as fires, or building damage caused by extreme weather conditions reported to the service by the Police and Fire and Rescue Service.

#### Guidance and Advice

- 3.15 This will include a full range of advice for customers on all aspects of shared repairs. Information will be available on the Council's website and customers can also seek specific advice from the service about their own particular situation. The advice service will include sign-posting to the Trusted Trader scheme and advice regarding planned maintenance. Many of these services are already available through the existing Shared Repairs Service, but the range of advice and information will be expanded where necessary.

#### Intervention

- 3.16 This will include services for owners who cannot reach consensus on repairs, undertaken prior to and short of issuing a statutory notice. At a basic level, this will include the diagnosis and confirmation of defects as "essential" repairs and a series of tailored communication to owners advising of the need for a repair and the implications of not taking action. It will also include the option for owners to purchase facilitation services to help reach consensus or surveys which provide additional technical detail on the scale and nature of a defect. In addition, the Council will, in certain tightly defined circumstances, have the option to use powers under the Housing (Scotland) Act 2006 to cover a missing share of funds to allow groups of owners to take forward works privately.

#### Enforcement

- 3.17 Where all of these options have been exhausted and owners have still failed to reach a consensus on taking forward essential repairs, the Council will intervene



and serve a Statutory Notice to enforce the repairs. The Council will scope the works, procure and appoint a contractor, manage the job through to completion and bill owners for their share. If owners pay promptly (within 28 days) a reduced administration fee will be offered.

#### New Service Design - Technology

- 3.18 One of the major issues of concern with the former service was the lack of robust IT systems and resulting lack of accurate management information.
- 3.19 The new service blueprint has considered the technology requirements for all aspects of the new service, made an assessment of the capabilities of existing systems to meet those requirements and made recommendations regarding enhancements and system changes.
- 3.20 The new service requires systems to deal with: - customer self-service, customer relationship management, case and asset management and billing and finance. In addition, separate systems are required for property ownership checks and drainage records.
- 3.21 The blueprint has identified what appear to be the most appropriate systems for the new service. Lead in times for the introduction of these systems however, are likely to be in the region of 12-18 months. It should be noted that there are risks associated with launching the service without its preferred ICT platform. However, these will be mitigated as far as possible by the introduction of an interim solution and work will commence following the approval of this report to move towards the target ICT architecture.

#### New Service Design – Organisation

- 3.22 A staffing structure has been developed for the new service which is organised around the following capability teams; customer services, case management, technical services (surveying), finance, and support services. The staffing complement is 37 full time equivalents (FTEs), plus an additional 6 FTEs to deal with historic, outstanding notices. The team has been appropriately sized according to the assumptions made about the volume of projects which the new service is likely to handle.
- 3.23 Assuming the introduction of the new service is approved by Committee, an organisational review will be required to consider the matching and/or assignment of the existing Shared Repairs Service staff into posts within the new staffing structure. Formal approval to instigate an organisational review is therefore sought via this report.

#### New Service Design – Delivery Model

- 3.24 Committee will be aware that the report to Council on 13 March 2014 recommended that the project management element of the new enforcement service should be delivered externally from the Council, via a Special Purpose Vehicle (SPV).

- 3.25 As part of the work to produce the new service blueprint, a review was undertaken of this previous recommendation.
- 3.26 It was determined that the five delivery models which were considered in March 2014 were still the appropriate options to consider. These are:
- In-house
  - In-house with external project management resource contracted in
  - Co-sourced
  - Special Purpose Vehicle
  - Outsourced private sector provider
- 3.27 The various models were considered and scored against the eight weighted evaluation criteria shown below, representing the most important aspects of the service.

Criteria	Weight
Ability to keep set-up costs low	15%
Ability to keep operational costs low	15%
Ability to set-up in a relatively short timescale	10%
Ability to manage risk – financial, control, reputational	20%
Ability of existing IT systems to effectively support service delivery and MI	10%
Availability of skills/capability – recruitment, retention & flexibility	10%
Ability to serve customers effectively and deliver on a arrange of services	10%
Appetite of contractors to engage with the delivery model	10%

- 3.28 The total weighted scores for each of the delivery model options were as follows:

Criteria	Weighted Score (out of 5)
In-house	3.3
Co-source	3.0
Special Purpose Vehicle	2.7
In-house with external project management	2.6
Outsource	2.4

- 3.29 Further details of the rationale and analysis of why each option scored as it did is presented in Appendix 1, page 14.
- 3.30 The in-house model scored more highly than others on the basis that it offers a good ability to manage risk by retaining direct control of the service. It also scored well in relation to set-up costs, operational costs and set-up timescales, with there being no requirement for provider procurement.
- 3.31 The previous recommendation to deliver the service via an SPV was in large part based on the view that it would be possible to transfer risk to the SPV. In reality however, the risk remains with the Council and it is now considered that the use of an SPV would only serve to increase the number of interfaces and thereby complicate the operating procedures of the new service.
- 3.32 On the basis of the review which has been carried out therefore, it is now recommended that the enforcement service be delivered as an in-house service rather than via an SPV. There are however, some challenges associated with an in-house service. In the main, these relate to the Council's ability to recruit and retain staff with the right skills and experience. If this risk cannot be overcome, it may be necessary to consider co-sourcing with respect to some of the key positions, particularly those ones which require technical capabilities.

#### New Service – Costed Business Plan

- 3.33 A detailed costed business plan, based on a series of assumptions, has been developed for the new service. It should be noted that while these assumptions are as robust as they can be at this stage, they are not guaranteed. Until the new service is operational, it is not possible to accurately predict the volume and scope of the projects which will be enforced and therefore the detail set out in the business plan is subject to change.
- 3.34 The business plan shows net expenditure over the six year period to 31 March 2020 of £8.41 million, including anticipated bad debt.
- 3.35 This expenditure is based on an assumption of an administration fee of 26% for both emergency and essential repairs. There will be a prompt payment discount to 21% for those owners who pay within one month of the bill being issued.
- 3.36 In order to fully recover the cost of the service, it would be necessary to set the administration fee at 40.5%. It is recognised however, that this level of fee would be prohibitive and is unlikely to be acceptable.
- 3.37 The administration fee of 26% allows the Council to recover the cost associated with the completion of emergency and essential repairs enforced by the Council and thereby ensures that works to private homes are not subsidised by the Council.
- 3.38 The business plan therefore assumes that the Council funds the cost of those elements of the service not directly related to the enforcement of works, such as the advice and intervention services. This element of the service will require £6.30 million funding in the six year period to March 2020.

- 3.39 In addition to this, assumptions have been made regarding the likely level of debt which will be written off for non payment. When this is taken into account, the overall net expenditure for the six years to March 2020 is £8.41 million.
- 3.40 Further details of the costed business plan, including sensitivity analysis showing the impact of varying some key inputs such as project volume, project value and level of administration fee are presented in Appendix 1, pages 15-25.

#### New Service – Implementation Plan

- 3.41 An implementation plan has been produced to set out the proposed activities and timescales associated with implementing the new service, based on an anticipated launch date in the second quarter of 2015/16.
- 3.42 The service is currently unbudgeted and a decision on its future funding will need to be made as part of the Council's budget setting in February 2015.
- 3.43 Assuming this report is approved by Finance and Resources Committee, preparatory implementation work will commence immediately. It is likely that costs of up to £500,000 will have been incurred in relation to implementation activities by the end of the financial year 2014/15. However, until a formal decision has been made by Council to fund this service going forward, major financial commitments such as recruitment, IT and contractor procurement will not be fully progressed.
- 3.44 The implementation plan has identified a number of key workstreams including technical services, customer services, ICT, finance, communications and recruitment.
- 3.45 A core implementation team of 7.5 FTE is required, supplemented by internal CEC IT resource and a budget of £500,000 for external support where internal capability/capacity cannot be secured. The cost of this of this external support is included in the costed business plan and is split over financial years 2014/15 and 2015/16. This is currently being procured and the contract will be awarded in due course.
- 3.46 There are a number of risks associated with the implementation, including IT, procurement, recruitment, and timescales. Further detail of these is provided in Appendix 1, page 28.

#### Future Development of the Service

- 3.47 The City of Edinburgh District Council Order Confirmation Act 1991 is a piece of legislation which is unique to the city and as such, it could be argued that owners have an expectation of Council intervention in Edinburgh which is much greater than in other cities. There is no doubt that there is a demand for the re-introduction of this kind of service. However, it is also essential that the Council makes continued efforts to drive a cultural change whereby owners recognise their own responsibility in relation to shared repairs.

- 3.48 The re-introduction of an enforcement service should be considered as a medium term solution, and one of a range of options which the Council must consider if it wants to radically change the way in which issues and risks posed by shared repairs are tackled in the city.
- 3.49 The new service staffing structure includes provision for a Policy and Planning capability. It is envisaged that these individuals will work to develop more innovative solutions to issues of shared repairs and mixed tenure management and will work with a wide range of stakeholders, including heritage groups, solicitors, lenders and the Scottish Government, to drive forward effective legislative and policy change in this area.

## Measures of success

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- 4.1 The objectives for the new service are set out in Appendix 1, page 7. Performance indicators will be developed for the full end to end service during the implementation period. These will be used to measure the success of the service and will include financial, customer, service quality and strategic factors.

## Financial impact

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- 5.1 A detailed costed business plan has been developed, which sets out the estimated financial impact of the introduction of this new service over the period to March 2020. Further details are provided in Appendix 1, pages 15-25.
- 5.2 The business plan assumes an in-house solution. This model requires the Council to recruit a significant number of technical staff. Should this not be possible, then a co-sourcing model may require to be deployed. Co-sourcing the surveying team is likely to increase the staffing cost by approximately £470,000 per annum.
- 5.3 The costed business plan is based on the assumption of an administration fee of 26% being charged to owners for essential and emergency repairs. This administration fee will be discounted to 21% for prompt payment within one month.
- 5.4 The costs of those elements of the service which are not directly attributable to enforced works cannot be recovered via the administration fee. This includes the advice and guidance service, the intervention services and the bad debt which requires to be written off due to non payment.
- 5.5 The costed business plan estimates that the new service requires £8.41 million in funding over the period to March 2020. This is broken down as follows:

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>Net Expenditure</b>	£0.50m	£2.00m	£1.08m	£0.94m	£0.91m	£0.87m	£6.30m
<b>Write offs</b>	£0	£0.15m	£0.32m	£0.59m	£0.61m	£0.63m	£2.30m
<b>Interest Received</b>	(£0.00)	(£0.01m)	(£0.01)	(£0.03)	(£0.07m)	(£0.11m)	(£0.19m)
<b>Overall Net Expenditure</b>	<b>£0.50m</b>	<b>£2.16m</b>	<b>£1.41m</b>	<b>£1.50m</b>	<b>£1.45m</b>	<b>£1.39m</b>	<b>£8.41m</b>

- 5.6 The costs in 2015/16 are higher as a result of service start up costs and the lag as the service is phased in before jobs are completed and billed and costs recovered.
- 5.7 The report to Council on 13 March 2014 noted that if the Council decided to develop the new enforcement service then the “unbudgeted financial consequences will need to be found through compensatory savings within the approved revenue budget for Services for Communities”
- 5.8 At its meeting of 30 October 2014, the Finance and Resources Committee considered the Council’s half year revenue monitoring position. Appendix 1 of that report highlighted over £11 million of pressures in SfC, including £750,000 for the development of the a new service for the enforcement of essential repairs. These costs can be met in the current year from budget reductions across the department, including non-filling of vacancies and reductions to training and overtime budgets.
- 5.9 However, given the financial challenges ahead, the Council is unable to fund the service on an ongoing basis without adversely affecting service provision and the delivery of budget savings. If Committee decides to approve the blueprint for the new service, then funding of £2.16 million will need to be identified and approved as part of the 2015/16 budget process.

## **Risk, policy, compliance and governance impact**

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- 6.1 There are significant inherent risks associated with the introduction of this new service. These risks are detailed in Appendix 1, page 4 and were previously reported to Council on 13 March 2014.

## **Equalities impact**

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- 7.1 A full equalities impact assessment for the introduction of the new service is underway and will be completed as part of the implementation plan should the new service be approved.

## Sustainability impact

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- 8.1 The introduction of this service will contribute to sustainability objectives by helping to conserve the built heritage and improving the fabric of the city.

## Consultation and engagement

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- 9.1 A series of focus groups were held over summer 2014 to gather the views of customers, potential customers and stakeholders about the principles of the new service. A summary of the resulting report is attached as Appendix 2. Consultation with homeowners and key stakeholders will continue throughout the implementation period.

## Background reading/external references

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[Development of the Shared Repairs Service – Report to the City of Edinburgh Council 24 October 2013](#)

[Minute of the City of Edinburgh Council 24 October 2013](#)

[Former Property Conservation Service – establishment of a new service - Report to the City of Edinburgh Council 13 March 2014](#)

[Minute of the City of Edinburgh Council 13 March 2014](#)

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## Links

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<b>Coalition pledges</b>	P40 – Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage P41 – Take firm action to resolve issues surrounding the Council’s Property Services
<b>Council outcomes</b>	CO19 – Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm

<b>Single Outcome Agreement</b>	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1 – New Service Design, Costed Business Plan & Implementation Plan Summary Appendix 2 – Focus Group Research Executive Summary



Appendix 1

**Deloitte.**

Shared Repairs  
Services  
New Service  
Blueprint

◆ **EDINBURGH** ◆  
THE CITY OF EDINBURGH COUNCIL



# Background to new service blueprint

**City of Edinburgh Council (“the Council”) Elected Members have requested a blueprint design for a new enforcement service dealing with shared repairs where owners have been unable to agree and progress the repair work themselves.**

- On 24 October 2013 the Council made a decision to instruct a report detailing how an enforcement service could be developed and instructed that this be brought to Full Council early in 2014.
- This report was produced in March 2014, and led to a subsequent decision being made to design a detailed blueprint for the new service, along with a costed business plan and an implementation plan.
- Since the beginning of July 2014 Council officers have been working with Deloitte on the design of the new service, based on an agreed project plan and approach.
- The new service blueprint design has kept the key messages from the lessons learned reviews front of mind. The new service is different from the old in a number of important and tangible ways.
- Care is also being taken to mitigate and manage risk where possible, particularly in relation to the Council’s financial risk. However, the work undertaken indicates that the service will not be cost neutral and will require ongoing subsidy.
- The re-introduction of an enforcement service is inherently risky due to the nature of the cases being dealt with. It is evident that the new service can only provide a short-term solution and a more strategic approach is required in the long term through Scottish Government.

# Strategic Rationale

## What are the drivers for the new service and options for how it operates?

- Edinburgh has a large number of tenements which account for 45% of the housing stock.
- Edinburgh’s old and new towns are a designated UNESCO World Heritage site which the Council has a responsibility to protect for both heritage and economic reasons.
- Despite the issues facing the former Property Conservation Service there remains a clear demand for an enforcement service.
- Some of the Council’s own housing stock are mixed tenure situations where the Council is not the sole owner and would benefit from the reintroduction of an enforcement service.

Option	What’s Involved?
<b>1 – Do Nothing (Emergency Service Only)</b>	<ul style="list-style-type: none"> <li>• Only carrying out emergency repairs to make safe a situation.</li> <li>• Issue – these repairs are short term in nature.</li> </ul>
<b>2 – Full Enforcement Service</b>	<ul style="list-style-type: none"> <li>• Similar to the previous Property Conservation Service, there are no limits to what the service would get involved with or value of projects.</li> <li>• Scope includes all required repairs for the building.</li> <li>• Issue – high reputational and financial risk to the Council.</li> </ul>
<b>3 – Essential Enforcement Service</b>	<ul style="list-style-type: none"> <li>• Only carrying out essential repairs where the Council has agreed that the defect is serious enough and once all other options have been exhausted.</li> <li>• Issue – the Council will have to manage expectation as to the reduced scope of the new service.</li> </ul>
<b>4 – Lobby Scottish Government</b>	<ul style="list-style-type: none"> <li>• Officers to lobby the Scottish Government for legislative change to enforce owners collective responsibility for shared repairs.</li> </ul>

# Inherent risk of new service

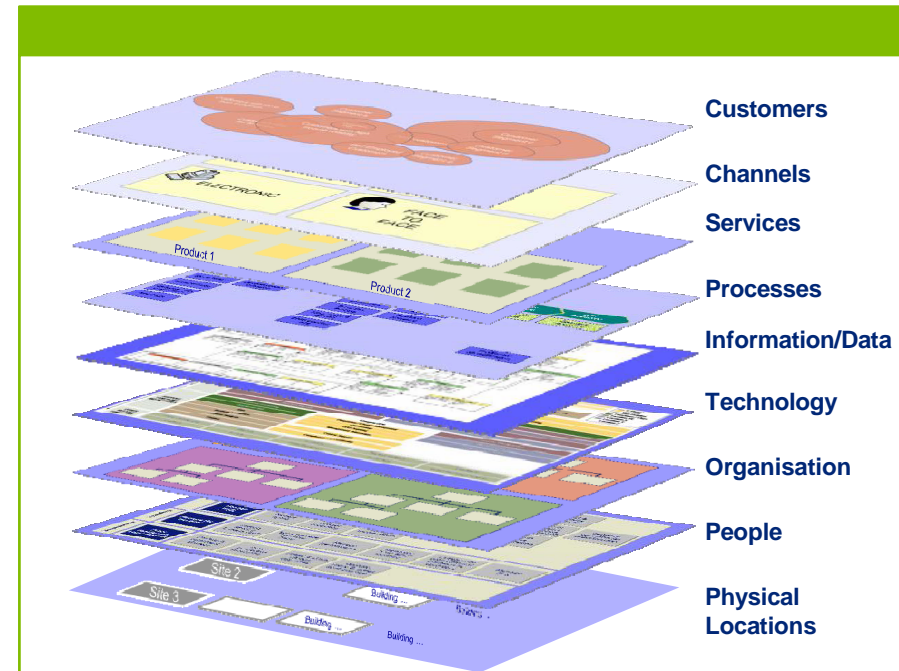
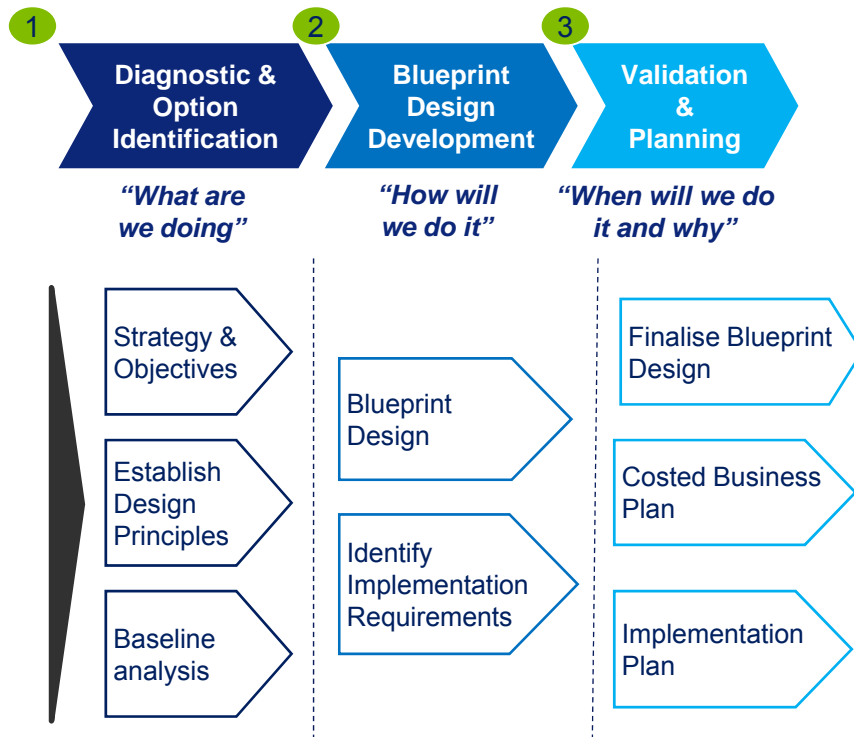
## Essential enforcement has a number of inherent risks

Title	Risk	Mitigation	Impact	Likelihood
<b>Reputational Risk</b>	The Council repeats the same mistakes made under the legacy service, causing further reputational damage.	The new service has been designed around improved controls and robust processes to avoid any of the legacy issues. Lessons learned will be considered throughout implementation.		
<b>Nature of Business Risk</b>	The enforcement service is by nature already a dispute situation with potential customer dissatisfaction.	The new service will only move to enforcement if all intervention options have been exhausted. In addition, the new service is built upon open and transparent communications with customers, including a greater clarity up-front on defects that are 'essential'.		
<b>Construction Industry Risk</b>	The new service will always be exposed to the risk of challenge as construction is a litigious business by nature.	The new service has a number of checkpoints identified where a review panel must consider and approve the progression of cases, especially the decision to enforce and when.		
<b>Financial Risk</b>	The new service will have to be subsidised and the potential deficit could be worse due to the inherent risks presented on this page.	The service has been designed to control overheads where possible and that income is appropriate to the overhead for chargeable services. Mitigation of the other inherent risks is presented in this table.		
<b>Bad Debt Risk</b>	Some customers will not be in a position to make payments resulting in a high level of bad debt.	The new service has been designed to ensure that as much money is received from customers as possible. This includes incentive for early payment and financial plans.		
<b>Scope Risk</b>	An accurate assessment of final cost is difficult for tenement buildings, resulting in increased costs and customer challenge.	A robust change control procedure will be enforced to notify owners of any changes during works. Case Managers and Project Managers will have clear guidance to address the presenting defect only.		
<b>IT Risk</b>	The improvements outlined in the design cannot be fully affected due to issues with IT systems.	An improved target IT architecture has been identified and implementation activities planned to review how existing systems can provide an interim solution.		
<b>Capability Risk</b>	The improvements outlined in the design cannot be affected due to a lack of capability within the service.	The required mix of capabilities has been identified and a full service review and external recruitment (if required) is planned.		

New Service - Design

# Approach to developing the new service blueprint

The new service is being designed using a three stage approach (see left-hand diagram below) covering nine components of the blueprint (see right-hand diagram below)



# Objectives & functions of the new service

**The fundamentals of the new service, including strategic considerations and guiding design principles, were developed before commencing the design activity**

## **Objectives – *Why does the service exist?***

- To maintain the fabric of the city, the conservation of the built heritage and protection of public health & safety
- To support, encourage and enable owners to proactively take responsibility for planning and organising repairs and maintenance
- To intervene when owners have exhausted all other reasonable means of agreeing and undertaking a repair
- To effectively manage the Council's financial and reputational risk as it carries out its statutory duties and powers

## **Functions – *What does the service do, in terms of technically led solutions, to deliver these objectives?***

1. Provides guidance, information, advice and signposting
2. Responds to and resolves emergency repairs
3. Provides non-statutory intervention services to enable owners to take responsibility for repairs
4. Uses legislation to enforce repair work where all other options have been exhausted

There are also support functions, both within the service and corporately across the Council, that enable functions 1 – 4 (e.g. billing, case review and resolution, legal, issuing statutory notices, debt recovery, customer complaints, information requests (including FOI)).

# Design principles

**The design principles provide a set of statements to help shape the design activity**

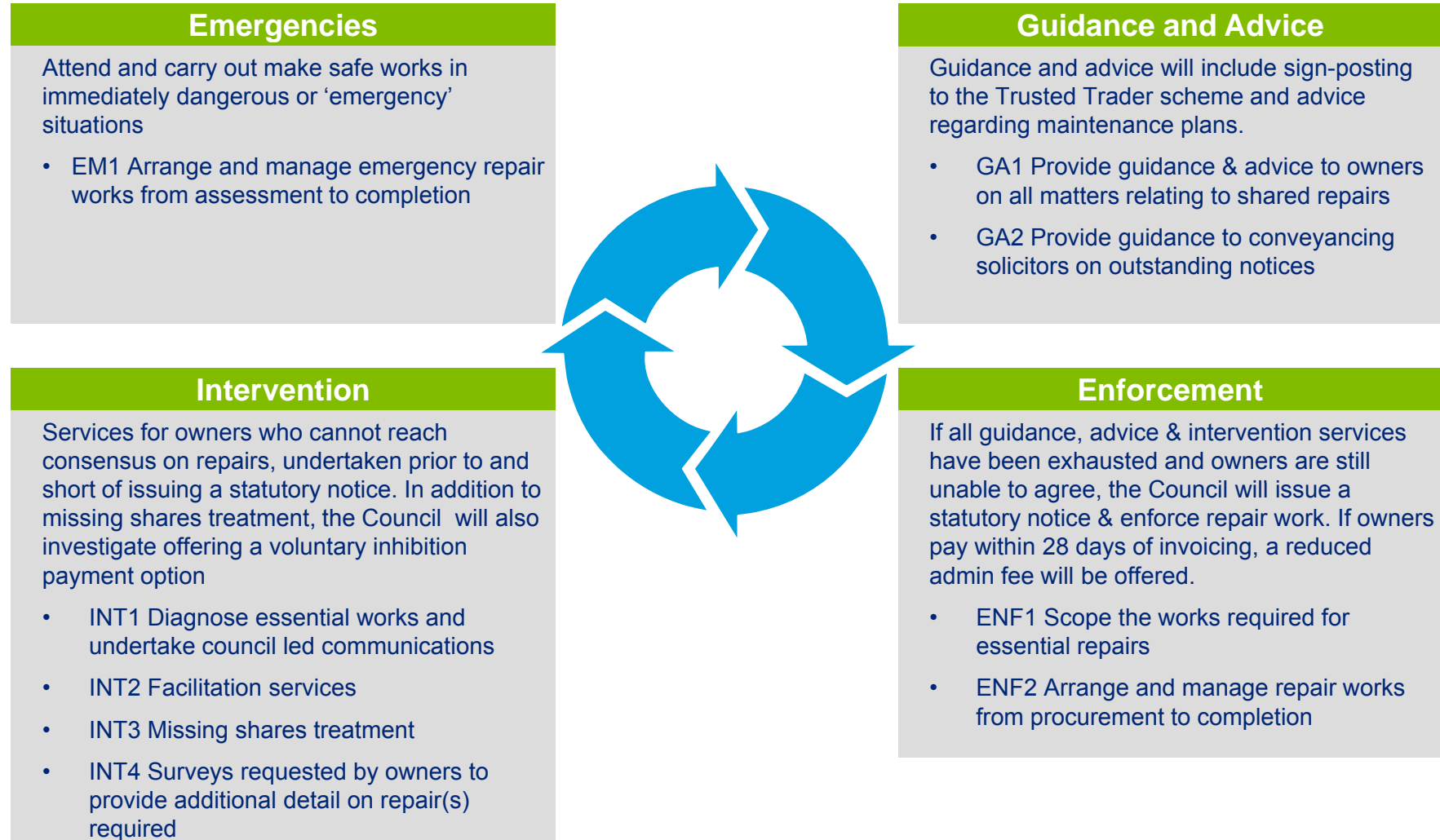
**Design Principles: *The recommended model for future delivery of services will:***

1. Be based on standardised, robust and transparent processes and policies for all aspects of service delivery;
2. Deliver customer-focused and clearly articulated services with consistent and timely communications at their core;
3. Be underpinned by accurate, complete, timely and integrated management information from fit for purpose IT systems;
4. Support a culture change which encourages and supports owners to take responsibility for their own repairs
5. Have strong governance, clear performance targets, be open to scrutiny and embed quality and continuous improvement
6. Have robust and consistent processes for procurement and contract management of external service providers
7. Be based on a robust and objective set of planning assumptions to determine resourcing levels and financial projections, thereby managing and controlling the Council's financial and operational risk on an ongoing basis;



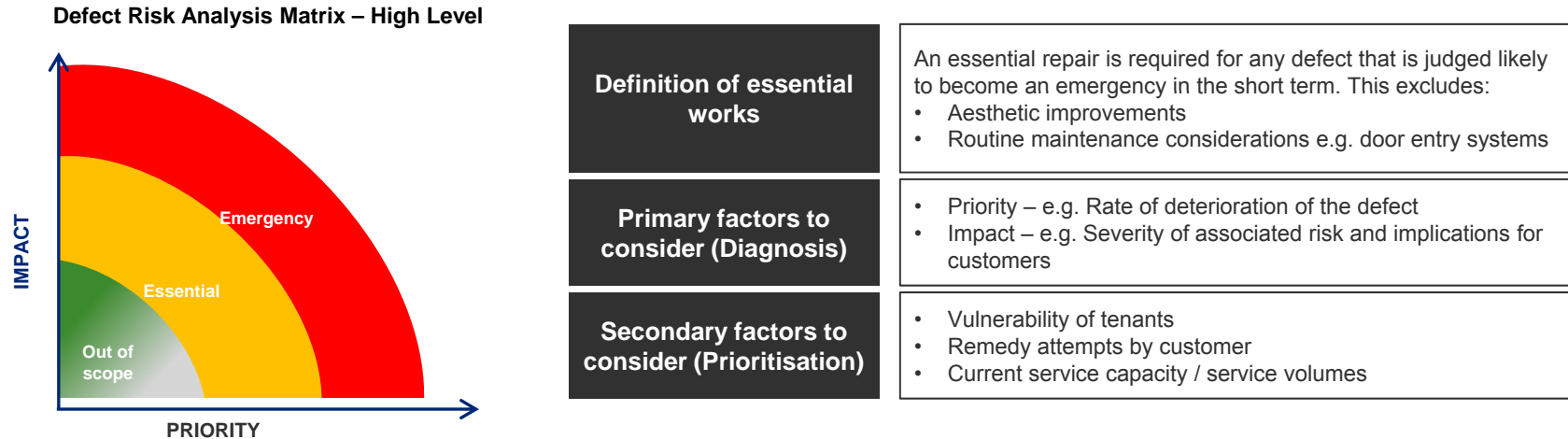
# New service design – Services

The following core services will be provided (not including support services).



# Scope of work – Define essential works

The new service will take on emergency and essential works but not all reported defects

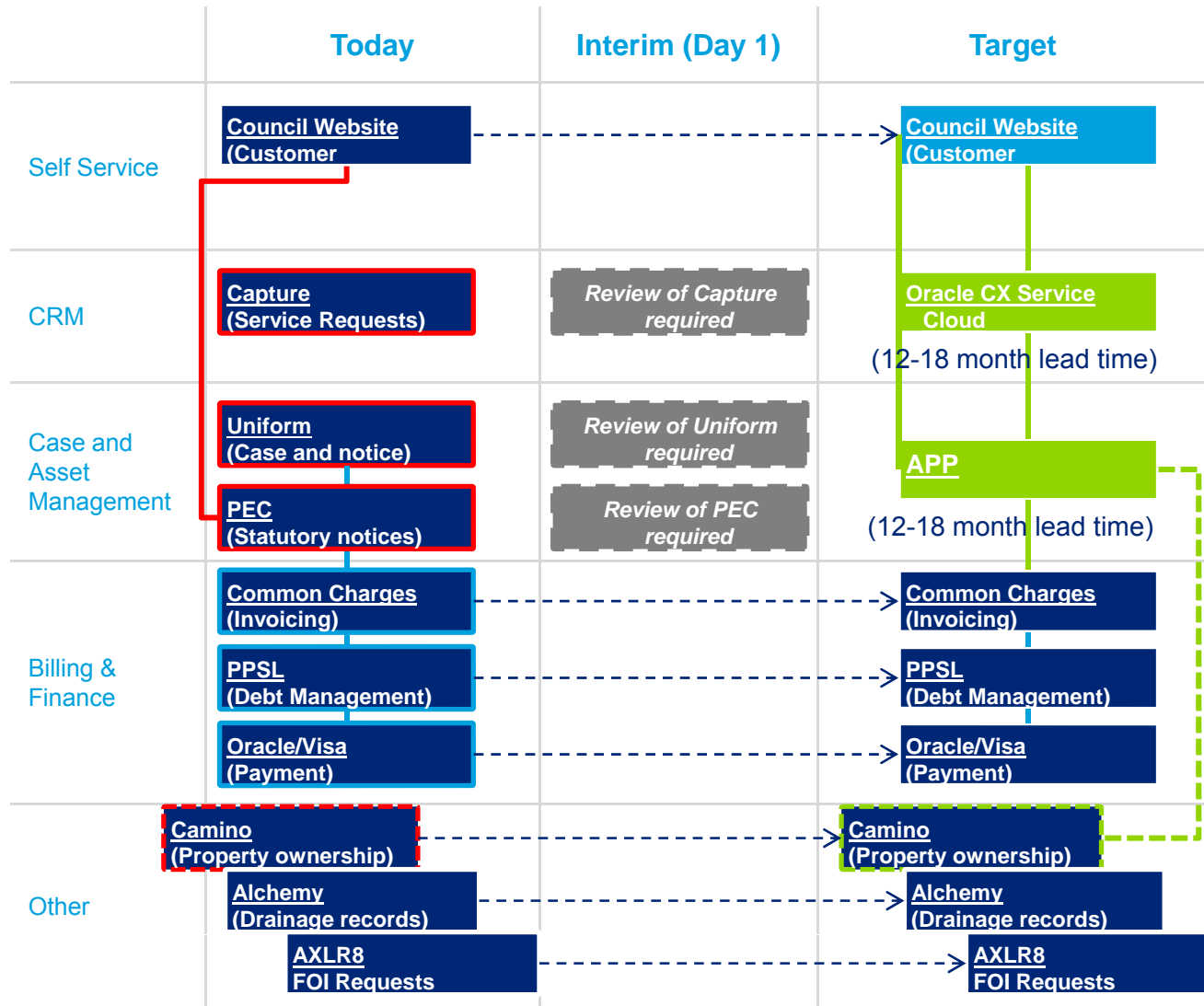


## Key principles to diagnose defects that require an ‘essential’ repair

- There are two channels through which defects requiring an ‘essential’ repair will be raised
  1. emergency works that have been made safe but it remains essential to repair the defect; and
  2. defects reported by customers that are not judged to require an emergency repair but constitute more than a standard maintenance issue.
- A 3-phase approach will be adopted:
  1. initial diagnosis at customer contact that identifies whether the defect requires ‘essential’ repair from CEC’s perspective;
  2. a subsequent inspection that gathers information in a pre-defined inspection report template; and
  3. assessment of the report, final diagnosis and prioritisation at a regular CEC case management panel.
- Customer services staff will use pre-defined scripts to assess possible essential works at customer contact, in a similar manner to the scripts currently used by SRS. (See slide 15 for examples that may be used within scripts)
- Surveyors will consider the criteria above when identifying essential works and will use industry good practice to assess the severity of risk and rate of deterioration. An overview of the defect risk analysis matrix is provided above and slide 14 provides a more detailed view of how surveyors will use this matrix in practice.

# New service design – Technology

The new service will require changes to the existing systems within SRS and Legacy

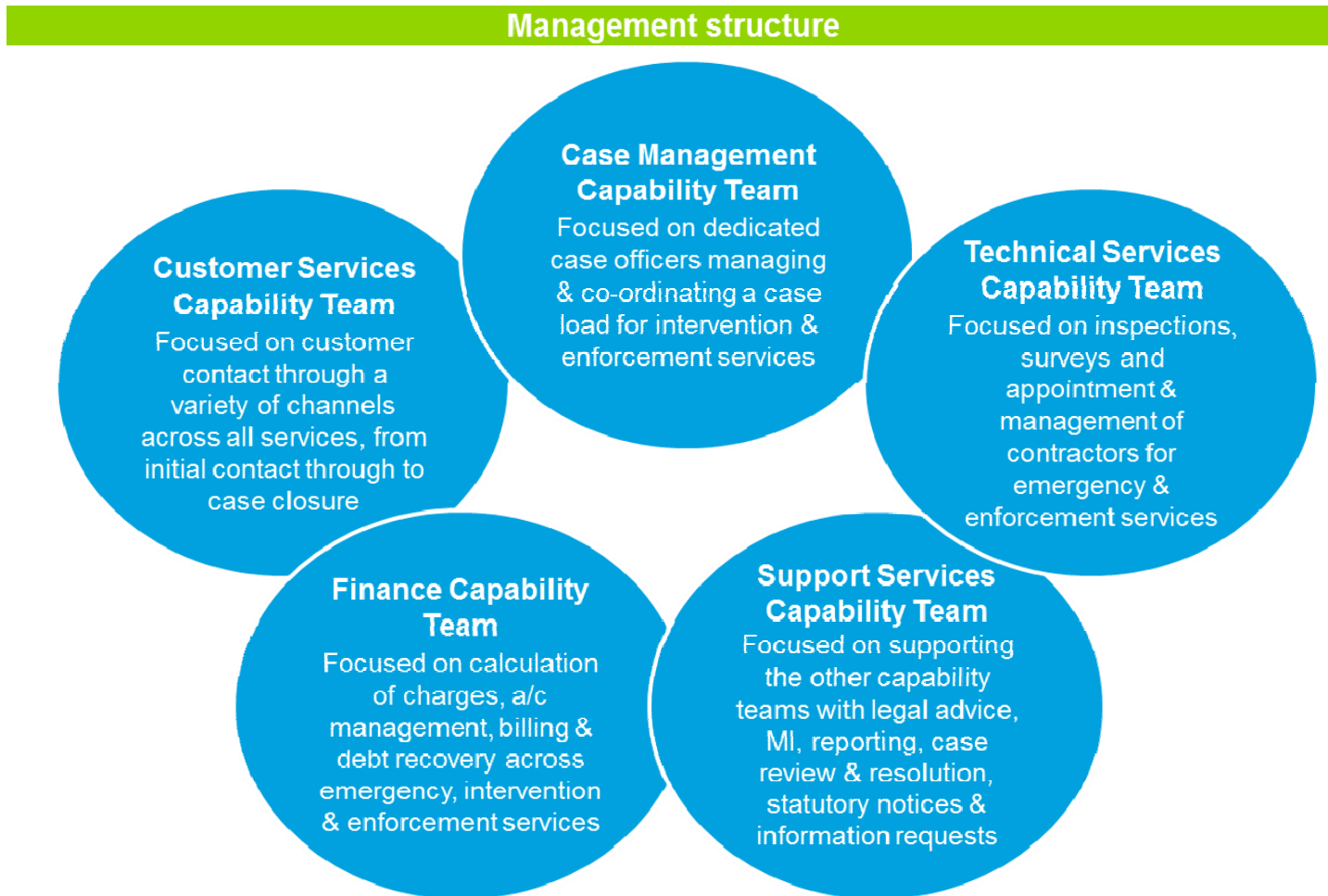


The new service blueprint sets out the technology requirements for the new service across the following areas, makes an assessment of the capabilities of existing systems to meet those requirements and makes recommendations regarding enhancements and system changes:

- Customer self-service
- Customer relationship management
- Case and asset management
- Billing and finance
- Other (e.g. drainage records, FOI requests)

# Organisation

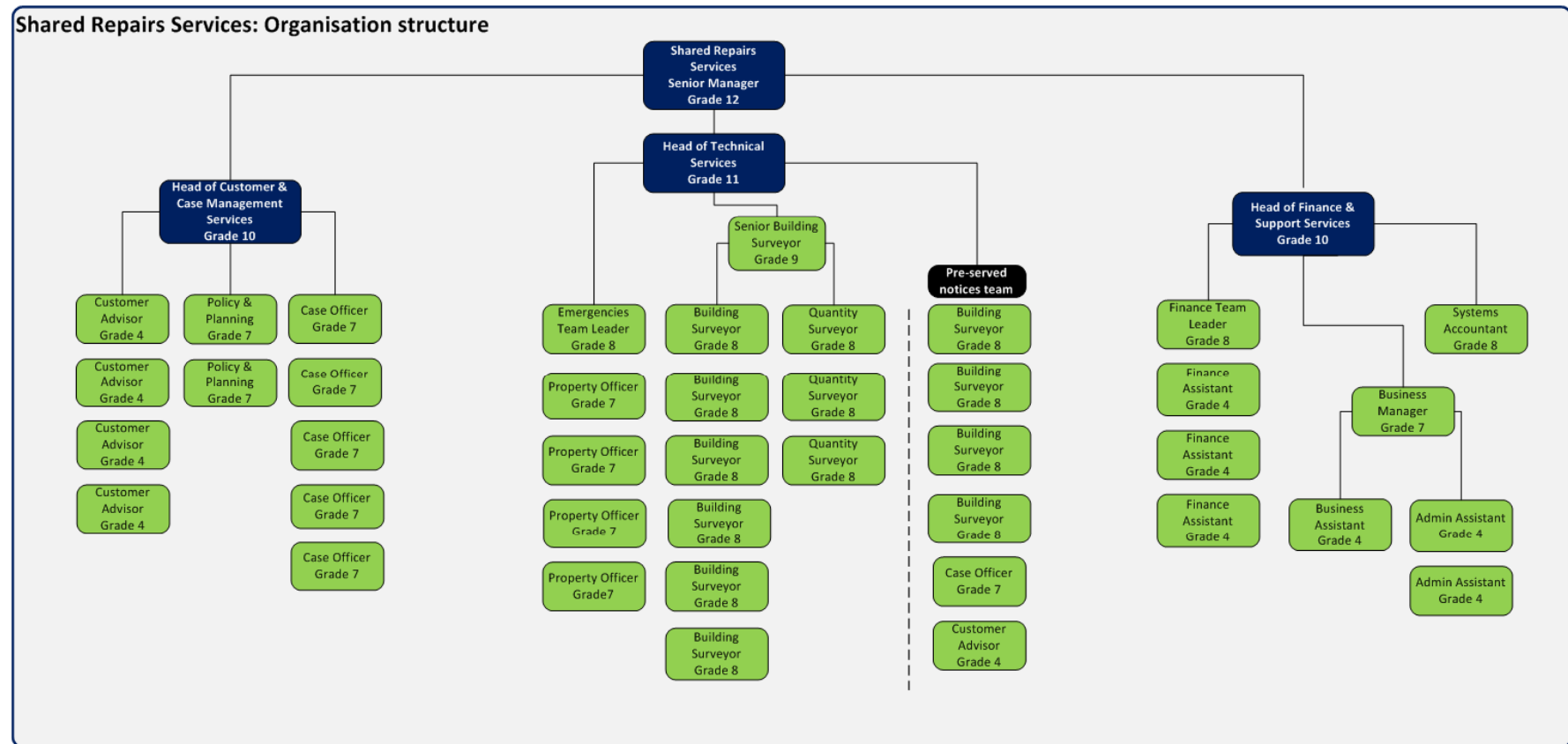
The design workshops analysed a number of operational models & concluded that capability based teams would best facilitate integrated working across the functions within scope of the new service



# New service design – Organisation

The new service will require a staffing complement of 39 FTE

A structure has been developed for the new service which is organised around a Customer & Case Management Services team, a Technical team and a Finance & Support Services team. The staffing complement is 39 full time equivalents plus 6 FTEs to deal with pre-served notices. The salary cost of the new structure is £1.44m per annum.



# Delivery Model – Evaluation overview

The blueprint document includes a detailed rationale and analysis of why each option scored as it did against each evaluation criteria – a summary of this is provided below:

Delivery Model Option	Weighted score (out of 5)	Evaluation scoring summary
In-house	3.3	<ul style="list-style-type: none"> <li>• Low set-up costs, operational costs and set-up timescales - no requirement for provider procurement or contract management.</li> <li>• Good ability to manage risk by retaining direct control of the service, including transparency and control of costs.</li> <li>• Challenge – existing IT may hinder service delivery and access to management information</li> <li>• Challenge – ability to recruit and retain staff with the right skills and experience</li> </ul>
Co-source	3.0	<ul style="list-style-type: none"> <li>• Set-up costs and timescales would be high due to the need to recruit, mobilise &amp; contract manage a co-source partner, including development of processes to ensure integration.</li> <li>• Risk could be slightly harder to manage in those areas delivered by a co-source partner.</li> <li>• No differential impact on IT systems, customer services or appetite of contractors to engage.</li> <li>• Positive impact on availability of skills</li> </ul>
Special Purpose Vehicle	2.7	<ul style="list-style-type: none"> <li>• Set-up costs, operational costs and set-up timescales would be high due to the need to establish a new entity and then oversee the running of the SPV.</li> <li>• Potential improved access to skills and ability to implement required IT in a shorter timescale.</li> <li>• Risk could be slightly harder to manage due to having less direct control and transparency.</li> <li>• No major differential impact on customer services or appetite of contractors to engage.</li> </ul>
In-house with external Project Management	2.6	<ul style="list-style-type: none"> <li>• Set-up costs, operational costs and set-up timescales would be high due to the need to recruit , mobilise &amp; contract manage external project managers, including making revisions to processes to ensure clear 'hand-offs' and integration points.</li> <li>• Risk and customer service could be affected by a more fragmented delivery model with multiple agencies.</li> <li>• No differential impact on IT systems or appetite of contractors to engage and some positive impact on availability of skills</li> </ul>
Outsource	2.4	<ul style="list-style-type: none"> <li>• Set-up costs, operational costs and set-up timescales exceed all except the SPV. This is due to the need to appoint, mobilise and contract manage an outsource service provider.</li> <li>• Risk and customer service could be affected by a more fragmented delivery model.</li> <li>• There is likely to be a positive impact on availability of skills, and little differential impact on IT systems or appetite of contractors to engage</li> </ul>

# New Service - Costed Business Plan

# Summary Financial Position – Net Expenditure

The overall financial position for the period to 31 March 2020 is net expenditure of £6.30m.

(£m)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Total Project Costs	-	1.98	7.86	8.25	8.65	9.07	35.81
<i>Irrecoverable project costs</i>	-	(0.09)	(0.38)	(0.40)	(0.42)	(0.44)	(1.73)
<b>Income</b>							
Recoverable project costs	-	1.89	7.48	7.85	8.23	8.63	34.08
Administration fees	-	0.42	1.73	1.80	1.89	1.99	7.83
Missing shares	-	0.03	0.05	0.05	0.05	0.05	0.23
Advisory services revenue	-	0.04	0.06	0.06	0.06	0.06	0.28
<b>Total Income</b>	<b>-</b>	<b>2.38</b>	<b>9.32</b>	<b>9.76</b>	<b>10.23</b>	<b>10.73</b>	<b>42.42</b>
<b>Expenditure</b>							
Payments to contractors	-	1.98	7.86	8.25	8.65	9.07	35.81
Technical/PM consultants	-	0.03	0.11	0.12	0.13	0.13	0.52
Missing Shares	-	0.03	0.05	0.05	0.05	0.05	0.23
Overheads – Recoverable	0.15	1.28	1.59	1.52	1.54	1.57	7.65
Overheads – Unrecoverable	0.35	1.06	0.79	0.76	0.77	0.78	4.51
<b>Total Expenditure</b>	<b>0.50</b>	<b>4.38</b>	<b>10.40</b>	<b>10.70</b>	<b>11.14</b>	<b>11.60</b>	<b>48.72</b>
<b>Net Income / (Expenditure)</b>	<b>(0.50)</b>	<b>(2.00)</b>	<b>(1.08)</b>	<b>(0.94)</b>	<b>(0.91)</b>	<b>(0.87)</b>	<b>(6.30)</b>

A key consideration is whether the administration fee for emergency and enforced repairs is appropriate in relation to the overhead to undertake these repairs.

The table illustrates that £7.83m of income will be generated through administration fees for emergency and enforced repairs. This assumes an administration fee of 26%, discounted to 21% for early payment.

The overhead judged to be attributed to undertaking these repairs will largely be recovered and therefore the proposed administration fee is appropriate.



# Summary Financial Position – Net Expenditure

Taking into account adjustments for bad debt and interest the net expenditure is £8.41m.

(£m)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>Net Income / (Expenditure)</b>	<b>(0.50)</b>	<b>(2.00)</b>	<b>(1.08)</b>	<b>(0.94)</b>	<b>(0.91)</b>	<b>(0.87)</b>	<b>(6.30)</b>

The table above presents the net expenditure for the new service.

However, when accounting for adjustments to reflect amounts to be written off for non payment and any interest receivable or payable from the operation of the Service, the revised Net Expenditure for the period to 31 March 2020 is £8.41m. This is illustrated below.

(£m)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Less: Amounts to be written off	-	0.15	0.32	0.59	0.61	0.63	2.30
Add: Net interest receivable	-	(0.01)	(0.01)	0.03	0.07	0.11	0.19
<b>Revised Net Income / (Expenditure)</b>	<b>(0.50)</b>	<b>(2.16)</b>	<b>(1.41)</b>	<b>(1.50)</b>	<b>(1.45)</b>	<b>(1.39)</b>	<b>(8.41)</b>

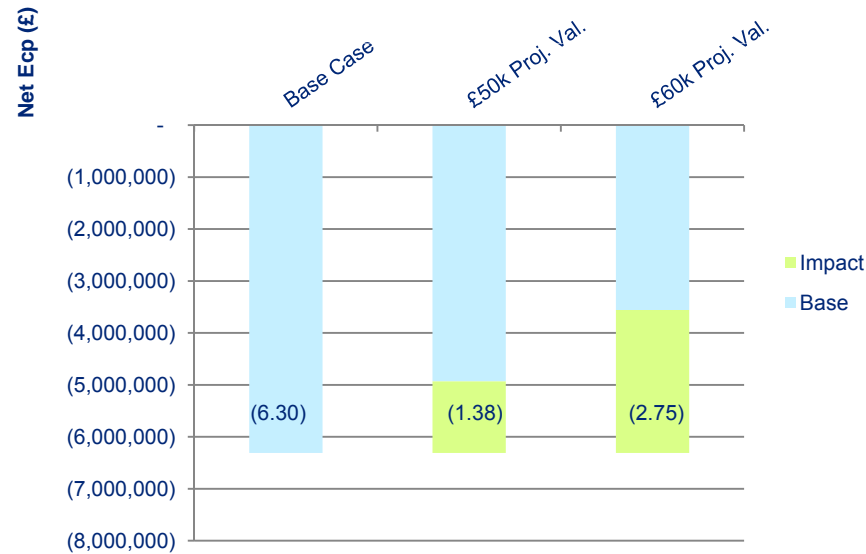
# Summary Financial Position – Cash Flow

The net cash out flow for the period to March 2020 is £16.78m. The key driver for the increase in the cash out flow beyond the anticipated deficit is that approx. 12% of debt is assumed to go onto a payment plan or inhibition to be repaid over 4 to 20 years.

(£m)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
<b>Cash Inflows</b>							
Payments from debtors							
Invoiced projects	-	0.07	5.64	7.83	8.21	8.61	<b>30.36</b>
Payment plans	-	-	0.05	0.17	0.29	0.43	<b>0.94</b>
Compulsory inhibitions	-	-	0.01	0.03	0.05	0.07	<b>0.16</b>
Voluntary inhibitions	-	-	-	0.02	0.03	0.04	<b>0.09</b>
Advisory services	-	0.04	0.06	0.06	0.06	0.06	<b>0.28</b>
<b>Sub-total</b>	-	<b>0.11</b>	<b>5.76</b>	<b>8.11</b>	<b>8.64</b>	<b>9.21</b>	<b>31.83</b>
Payment plans interest	-	.	0.01	0.03	0.05	0.06	<b>0.15</b>
<b>Total Inflows</b>	-	<b>0.11</b>	<b>5.77</b>	<b>8.14</b>	<b>8.69</b>	<b>9.27</b>	<b>31.98</b>
<b>Cash Outflows</b>							
Payments to contractors	-	1.94	7.72	8.24	8.64	9.06	<b>35.60</b>
Payments to consultants	-	0.03	0.11	0.12	0.13	0.13	<b>0.52</b>
Missing Share payments	-	0.03	0.05	0.05	0.05	0.05	<b>0.23</b>
Payments to staff	-	0.98	1.88	1.90	1.92	1.94	<b>8.62</b>
Payments for set up	0.50	0.92	0.08	-	-	-	<b>1.50</b>
Other overheads	-	0.44	0.43	0.38	0.39	0.41	<b>2.05</b>
<b>Sub-total</b>	<b>0.50</b>	<b>4.34</b>	<b>10.27</b>	<b>10.69</b>	<b>11.13</b>	<b>11.59</b>	<b>48.52</b>
Interest Payable	.	0.01	0.04	0.05	0.06	0.08	<b>0.24</b>
<b>Total Outflows</b>	<b>0.50</b>	<b>4.35</b>	<b>10.31</b>	<b>10.74</b>	<b>11.19</b>	<b>11.67</b>	<b>48.76</b>
<b>Net Cash Flow</b>	<b>(0.50)</b>	<b>(4.24)</b>	<b>(4.54)</b>	<b>(2.60)</b>	<b>(2.50)</b>	<b>(2.40)</b>	<b>(16.78)</b>

# Sensitivity Analysis on Project Value and Volume

The diagrams below present the base case position from the assumptions documented earlier along with the variance in net expenditure to 31 March 2020 when key sensitivities are tested.

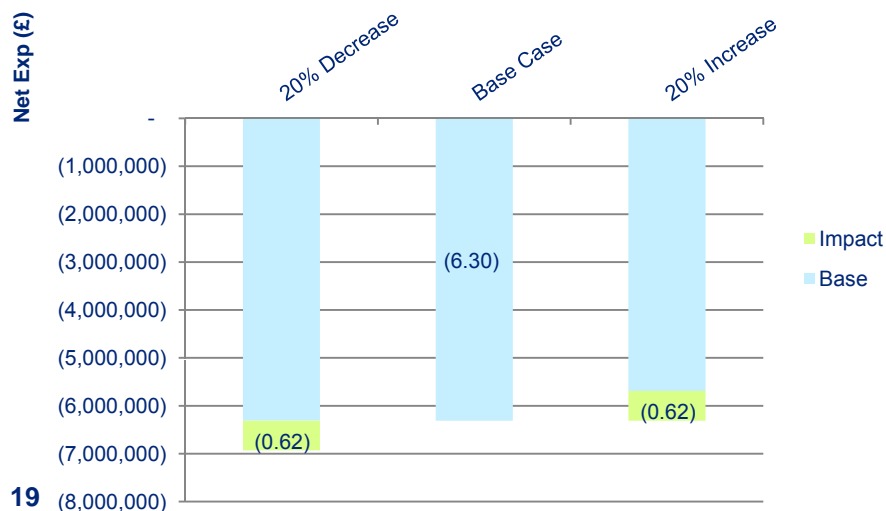


## 1. Increases to Project Value

Increasing the estimated value of the Essential projects from £40k to £50k leads to a reduction in the Net Expenditure for the period to 31 March 2020 of £1.38m.

When the project value is increased to £60k (50% increase), Net Expenditure Reduces by £2.75m.

An increase of 25% in project value is therefore seen to give rise to a 21.9% decrease in net expenditure, highlighting project value as a key sensitivity within the costed business plan.



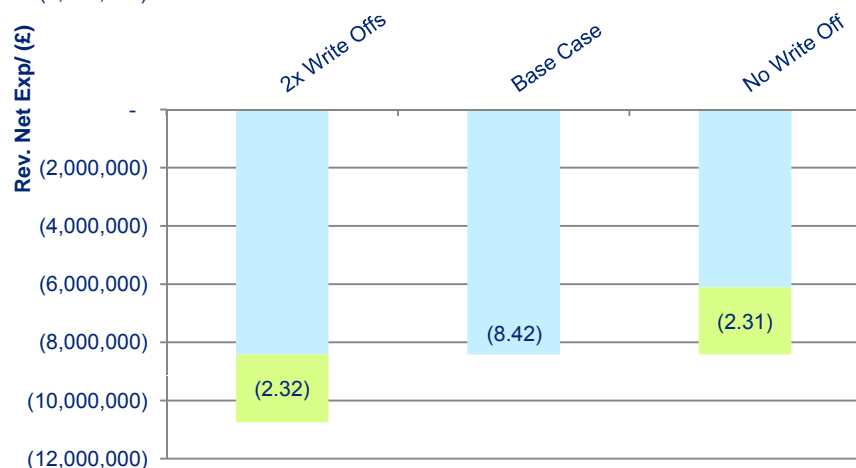
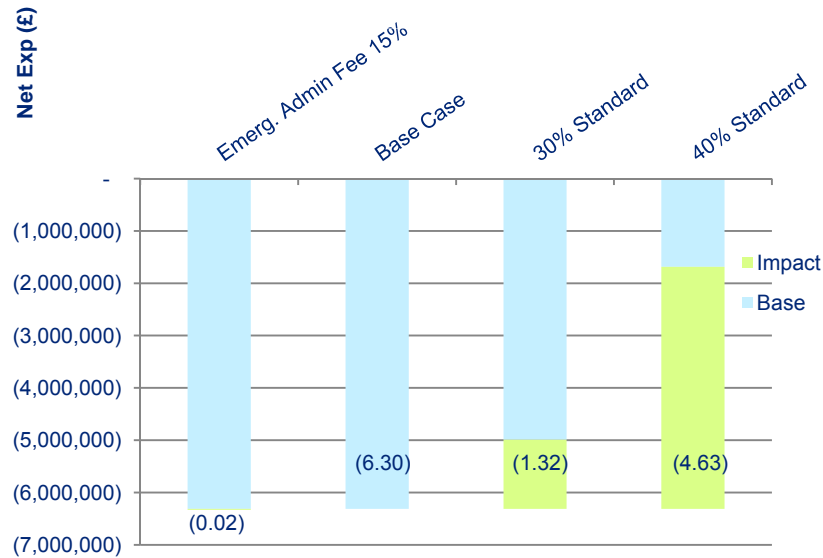
## 2. Varying Project Volumes

Decreasing the number of Essential projects by 20%, from 175 per year to 140, increases the net expenditure of the service by £0.62m (9.8%).

This highlights that at a estimated project cost of £40k, the overall financial position is moderately sensitive to project volumes.

# Sensitivity Analysis on Admin Fee and Write Offs

The diagrams below present the base case position from the assumptions documented earlier along with the variance in net expenditure to 31 March 2020 when key sensitivities are tested.



### 3. Administration Fee Levels

Three different scenarios are presented.

1. An Emergency admin fee of 15%, which increases net expenditure by £20k.
2. A standard admin fee on Essential works for 30%, reducing to 25% for prompt payment. This reduces net expenditure by £1.32m.
3. A standard admin fee of 40% reducing to 35% for prompt payment. This reduces the net expenditure by £4.63m.

### 4. Write Off Adjustments

This chart represents the net expenditure for the service, including the adjustments for write offs and interest.

If write offs were to be 10% rather than 5% then the revised net expenditure would increase by £2.32m. There would be a corresponding reduction in the revised net expenditure should no write offs required.

New service - Costed Business Plan  
underpinning assumptions

# Income Assumptions

Income	Total (£m)	Assumptions
Emergency Project Income	1.03	873 emergency projects will be undertaken per year with a total value of works of approximately £240,000. 61% of projects are charged using the Minimum Charge, 39% are charged with an admin fee.
Essential Project Income	33.05	175 essential projects will be undertaken per year and the average cost will be £40,000 per project.
<b>Sub-total - Recoverable project costs</b>	<b>34.08</b>	
Missing Shares Income	0.23	One missing share case is undertaken each month with an estimated value of £4,000.
Emergency Project Admin Fees	0.07	Prompt payment fee of 21% applied to reflect evidence of early payment in current service. Historic debtor trends for SRS charges showed that 70% of bills are paid within one month, with the balance being written off as uneconomical to pursue.
Essential Project Admin Fees	7.76	Admin fee of 26% will be applied to project costs with a prompt payment discount of 5% reduction to be applied where payment is received within 1 month.
<b>Sub-total – Administration fees</b>	<b>7.83</b>	
Facilitation	0.01	SRS currently charge £45 per session. It has been assumed that there will be one session per week and the charge will remain consistent with the current charge.
Surveys	0.25	Assumed charge of £1,500 per survey which includes allowance for required equipment. Assumed that there will be 3 surveys undertaken per month.
Emergency Inspections	0.02	These are currently charged at £108 for weekday call out, and £150 for a weekend call out with activity split equally between the two. It is assumed that activity will continue in line with current trend of 4 call-outs per month.
<b>Sub-total – Advisory Service fees</b>	<b>0.28</b>	
<b>Total Income</b>	<b>42.42</b>	

# Expenditure Assumptions

Expenditure	Total (£m)	Assumptions
Emergency Project Costs	1.03	
Essential Project Costs	34.78	5% of project costs will be not be recoverable from property owners. This amounts to £2.2m over the period to March 2020.
Payments to consultants	0.52	15% of Essential projects will be managed by external consultants. Consultant fees will be 10% of project value.
Missing Shares	0.23	One missing share case is undertaken each month with an estimated value of £4,000.
<b>Staffing</b>		
Technical Surveyors / PMs	2.18	It is assumed that 85% of Essential Service projects will be managed by an internal project manager / surveyor. Internal project managers / surveyors will manage 7 projects simultaneously, i.e. 14 per annum.
Billing Staff	0.03	Additional Billing staff will be required to support the increased number of bills issued by the Service. Assumed that 1 FTE can process 1,000 bills per month.
Service Staff	2.36	Staff roles include the service lead, customer advisors and case management staff. Assumed that case officers can handles 10 cases per month.
Property Officers and Team Leaders	1.28	Roles include Emergency Projects Property Officers, and Team Leader and Essential Repairs Head Surveyor.
Support Services	1.66	Includes roles for Finance and Support Lead, Finance Assistants, Business Manager and Assistant and General Admin Assistants.
Historic Pre-Served Notice Staff	1.10	Provision of a customer advisor, case officer and building surveyors to complete outstanding work on the 3,000 Pre-Served Notices.
<b>Sub-total – Staffing Costs</b>	<b>8.62</b>	
Accommodation	0.96	Recurring accommodation charges have been included at £4,000 per work station, per employee per annum.

# Expenditure Assumptions (continued)

Expenditure	Total (£m)	Assumptions
Existing ICT Licences	0.94	Recurring IT costs of £439,000 per annum are included for the initial period of service delivery. There is a reduction of £315,000 to £124,000 per annum once IT development APP and Oracle Rightnow allows for the decommissioning of the PEC software.
ICT Set Up Costs	0.73	Three distinct areas of development effort over 18 months on CRM, Case Management and Ownership Checks applications. £150k is included for implementation team resource to support this activity.
Additional ICT Licences	0.05	Additional licences required for APP and Oracle Rightnow.
<b>Sub-total – ICT Costs</b>	<b>1.73</b>	
Sundries	0.15	£25,000 per annum has been included for Sundry expenditure.
Internal Set Up Team	0.21	An internal implementation team of 7.5 FTE will be in place for 7-8 months to establish the service.
External Support	0.50	A budget of £500,000 is included for external support over an initial 6 month period.
<b>Sub-total – Set up costs</b>	<b>0.71</b>	
<b>Total Expenditure</b>	<b>48.72</b>	



# Financial Adjustments – Assumptions

The main financial adjustments are in respect of anticipated write off of bad debts and interest charges. Interest is chargeable on the payment plan and inhibition payment mechanisms, whilst there will be an internal interest charge on revenue balances.

Financial element	Total (£m)	Assumptions
<b>Debtor Adjustments</b>		
Emergency Write Offs / Bad Debt Adjustments	0.35	30% of Emergency bills are currently written off as they are below the collection threshold.
Essential Write Offs / Bad Debt Adjustments	1.95	Assumed write off of 5% for Essential project bills.
<b>Total Debtor Adjustments</b>	<b>2.30</b>	
Payment Plan Interest Receivable	0.17	Proposed penal interest rate of 6%. Assumed that 5% of owners will go onto a payment plan.
Inhibitions Interest Receivable	0.17	Proposed penal interest rate of 6%. Assumed that 3.75% of owners will go onto an enforced inhibition.
Voluntary Interest Receivable	0.10	Proposed penal interest rate of 6%. Assumed that 2.5% of owners will go onto a voluntary inhibition.
<b>Total Interest Receivable</b>	<b>0.44</b>	
Bank Interest Payable	0.25	Assumed charge at 0.5% in line with the internal interest on revenue balances charge.
<b>Net Interest Receivable *</b>	<b>0.19</b>	

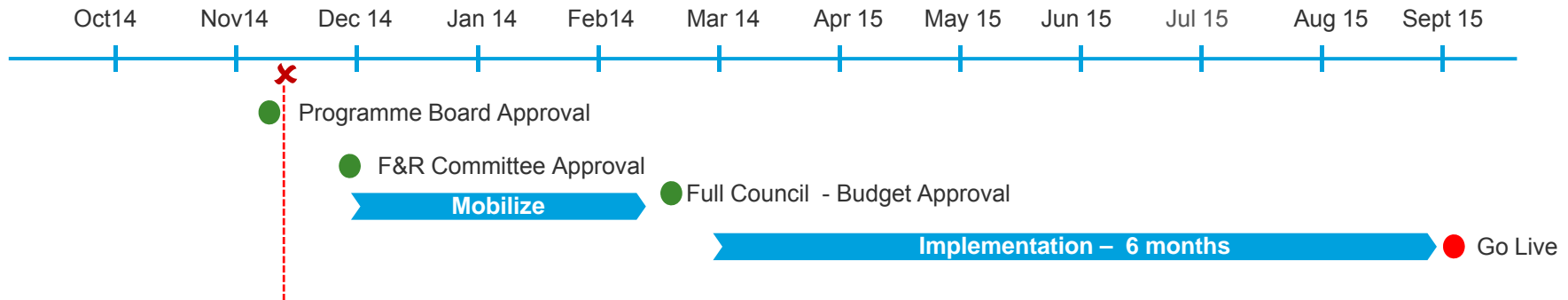
\* It is anticipated that interest receivable will not be retained by the service, rather this will be held centrally.

# New Service - Implementation Plan

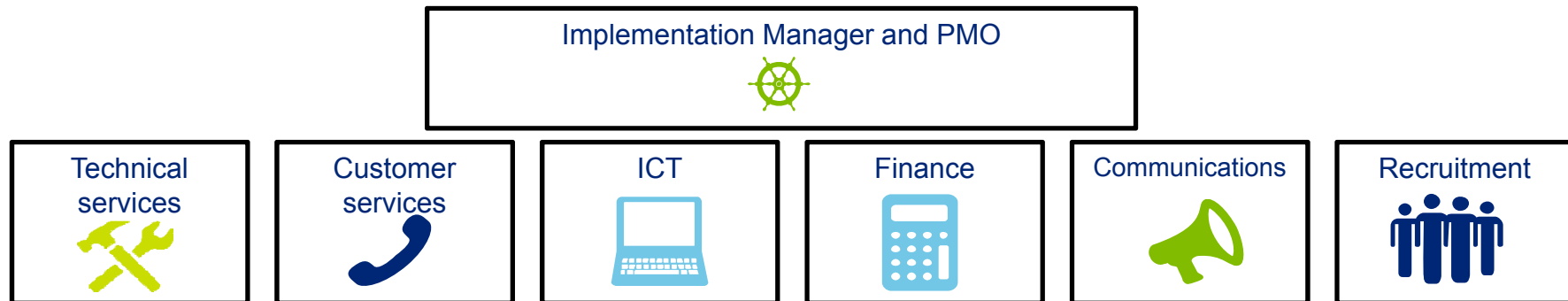
# Implementation

An implementation plan has been produced alongside the new service blueprint and costed business plan to set out the proposed activities and timescales associated with implementing the new service, based on a launch date of 1<sup>st</sup> September 2015.

## Implementation Timeline













## Implementation Team Workstreams



A core implementation project team of 7.5 FTE is required, supplemented by internal CEC IT resource and a budget of £500k for external support where internal capacity/capability cannot be secured.

# Implementation

The Implementation Plan also sets out the key risks associated with implementation:

Title	Risk	Mitigation	Impact	Likelihood
<b>IT Risk</b>	New service is required to use existing ICT systems in the short term	A review of short term improvements to existing systems will be undertaken, indicating any interim arrangements that can be put in place for day one of the new service. Including any improvements made during the Legacy project.		
<b>Recruitment Risk</b>	New service does not have all key posts filled prior to service launch	An internal service review and external recruitment will be undertaken to ensure the new service has the capacity and capability required to deliver the required level of service. Early engagement with HR has commenced.		
<b>Procurement Risk</b>	The required contractor frameworks are not in place by the service launch date	A full assessment of all existing or potential frameworks will be undertaken as a priority. The proposed start date of 1 <sup>st</sup> September 2015 leaves 6 months to put any new framework in place after the Full Council Budget decision.		
<b>Staffing Capacity Risk</b>	The project team does not have sufficient capability or capacity to undertake the required implementation activities. Some staff will have split responsibilities between new service implementation and the legacy programme	A proposed budget to secure external implementation support for key roles is included within the costed business plan.		
<b>Timescale Risk</b>	Member expectations of the service launch date are not realistic, resulting in a shortened implementation plan	An implementation plan has been developed to enable the new service to go-live on 1 <sup>st</sup> September 2015. Some initial implementation activities can be commenced at risk prior to the Full Council Budget Meeting in February 2015.		



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**Appendix 2**

# New Enforcement Service Focus Group Research

Report

**THE CITY OF EDINBURGH COUNCIL**

October 8, 2014

Authored by: Alan Kennedy, Knowledge Partnership

## **Executive Summary**

### **Introduction, Methods and Resources**

This draft report provides the results of research looking at owner, customer and stakeholder perspectives on the City of Edinburgh Council's proposed New Enforcement Service for common repairs. This research was carried out by Knowledge Partnership on behalf of the City of Edinburgh Council (the Council) and took place during September 2014.

The research draws on qualitative feedback gathered by means of eight focus groups to which a total of 64 owners, customers and stakeholders contributed.

### **Key Points**

There is consensus amongst focus group participants that an enforcement of common repairs is required given the continuing challenges of non-engagement in the process of repair by owners and landlords for a wide range of reasons.

The advice and guidance, and the intervention elements of the proposed new service are seen as likely to be of assistance to owners and existing customers (intervention only). However landlords do not feel they would require these types of service, and some stakeholders have questioned whether the in-house skills needed to deliver the intervention element are present within the Council.

In relation to the advice, guidance and intervention components of the service, some stakeholders feel that elements of this offer can already be provided by the private sector, and in this regard, these stakeholders would ask, 'what is unique about the Council's offer', and 'is there evidence of a real market failure being addressed here by the actions of the Council'?

Some stakeholders and landlords consider that the underlying problems in relation to delivering common repairs and the clear evidence of market failure lies in the difficulty of easily accessing owner details, and in shortfalls in funding common repair projects. At the present time, the Shared Repairs service can offer sign-posting to landlord details, but this can be a complex process to administer for an individual and for this reason, an enhanced landlord identification service provided by the Council would greatly assist owners. The second major barrier identified for the process is funding, particularly the gap created by an owner's incapacity or unwillingness to commit finances to common repairs, and this is an area where the Council could usefully step in to fund or underwrite such shortfalls (as some commercial firms may do on a limited, ad-hoc basis at present)

It is clear from the focus group discussions that all participants remain cautious when matters of Council trust and transparency are explored, and these are attributes that will take time to restore. In the context of the enforcement stage of the service, there is a need to ensure that confidence is built into the design of the service so that customers feel confident in using this approach.

In discussing the proposed new service objectives, participants were satisfied that these were clear and reasonable. Some possible tweaks or additional objectives were discussed and it will be for the Council to determine the relevance of these suggestions in the context of developing the service, e.g. it was suggested that an additional service objective should be developed around promoting the idea of property maintenance.

The view that owners should be taking responsibility for repairs was accepted by participants, although it was also recognised that in practice, this outcome might be difficult to achieve and that in these cases, the balance of responsibility could shift back toward the Council. It was noted (by stakeholders) that more research may be required to establish where the current boundaries between owner and Council responsibility lie in the area of common repairs, and that this information will be necessary should the Council be prepared to underwrite funding shortfalls.

There is a suggestion that the Council should work more with other partners to tackle the issue of common repairs. One example would be addressing non-registration by landlords (which is contributing to the problem of owner identification) by vigorously pursuing those who are reported as not having registered.

The group discussion of the advice and guidance component of the service identified that there were few if any gaps in the content of information on offer, or the means by which this could be accessed. Some possible additions to this part of the service might be late opening for telephone enquiries, templates for managing projects and creating a contractor agreement, as well as the re-production of the RIAS Tenement Handbook to allow owners to attempt simple repairs.

The review of the service's proposed Trusted Trader scheme was met with a mixed response, which was partly driven by the legacy of mistrust created by the previous service failings. Whilst owners said they would use this service, they would be unlikely to do so exclusively, i.e. owners would also use word of mouth or the emerging online trade directories to locate a tradesman. Stakeholders felt that the Council should be aware in developing the Trusted Trader scheme of the many pitfalls associated with these types of service such as the resources required to administer, the changing nature of suppliers and their associated data, the risks of (in any way) underwriting the service given by trusted traders, and the issue of duplication between companies who are listed on several concurrent lists and databases.

The intervention element of the service was viewed as being likely to be of greater assistance than advice and guidance especially by current customers of the Shared Repairs service who felt their cases had moved beyond the capacity of the present service. Owners and customers considered that intervention by the Council would provide authority behind the requirement for a repair, effectively rubber stamping and giving official support to the issue. There was some concern expressed over the matter of charging for an intervention such as facilitation, particularly, as most owners saw facilitation as the beginning of an engagement process and not as a one off meeting (and hence charges would mount up). Aside from the technical support provided through the facilitation part of intervention, it was felt there may be scope to enhance this part of the service through the provision of mediation, third party financial advice etc. It was also recommended that the Council official brought into the intervention support should continue to be a key point of contact for owner queries throughout the effort to achieve a repair. A likely main barrier to intervention achieving an outcome was non-participating owners, and as such, focus group attendees asked whether this part of the service could include some direct Council engagement with such owners to discuss their reluctance to buy in and to assist with resolving this matter.

The discussion of the enforcement element of the service illustrated that this was seen by most participants as a return to the 'old' system of statutory repairs, and as such was welcomed, and seen as likely to be necessary in several cases of repair. However, participants also noted that the



description of the enforcement service seemed to be based on a perverse incentive with its reference to loss of control and possible high management fees aimed at discouraging take up. A number of possible enhancements were proposed for the enforcement service including charging non-participating owners higher management fees, allowing owners to have a significant say in matters at the project commissioning stage, and providing for an independent expert or ombudsman to be appointed in the event of any disputes that arise between the Council and owners. Given the issues attached to the previous statutory repairs service, it is clearly critical that the new service operates in transparent and objective way, and these attributes would need to be 'written into' the detailed design of the service. Discussion of the enforcement stage also raised (again) the matter of whether short term funding from the Council to allow owner led projects to proceed within the commercial sector might be preferable to Council acting as a managing agent for property repairs.

Reflecting finally on maintenance plans, the promotion of this topic by the Council was seen as something that was important in achieving the objective of increasing owner responsibility for repairs. However, it was noted that the realisation of a common area maintenance plan was difficult in practice and might be challenging to 'sell' at the conclusion of an enforced repair, where owners may collectively argue that they have just paid for the lack of maintenance of previous occupiers.

## **Conclusions**

On balance, those attending the focus groups broadly agreed with the requirement for some form of pressure to start to be applied to owners in order to achieve common repairs. The main debate in this area was whether the Council should enforce the whole part of this process, or whether they might achieve the same outcome in other ways such as funding monetary shortfalls on a time limited basis, or enforcing professional support onto owners.

Considering advice and guidance, this could be seen as beneficial to less knowledgeable owners, whilst intervention support is viewed as a better option in that it can seek to directly address fundamental problems such as owner disagreement, and (potentially) provide guidance on funding, offer mediation etc. There is some reservation however expressed on the part of landlords and stakeholders with the former saying that they would be unlikely to use these services, and (some) of the latter raising the question of whether Council provision of advice, guidance and facilitation is in fact addressing market failure, or whether indeed this offer represents a duplication of existing commercial services.